FOREIGN AFFAIRS

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The Editors

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FOREIGN AFFAIRS

Vol. 4 APRIL, 1926 No. 3

WHAT IS DISARMAMENT?

By Tasker H. Bliss

NO one who reads history can fail to realize the slow movement that has been going on during all the centuries of the civilization of which we form a part, and in a direction towards which the eyes of civilized men have ever been eagerly looking. The Roman Empire has been compared, in some respects correctly enough, to a league of the then civilized world. This league preserved substantial peace within its borders over a larger area and for a longer time than ever before or since. In so far as it accomplished this it did so by the gradual substitution of Roman law in the government of all relations between man and man. Then it lapsed into "Chaos and Old Night." Human history returned to its point of beginning, the beginning of the previous cyclical process of political evolution. Each man from the peasant to his over-lord relied on the law of force and was armed for his own security. Very slowly domestic law reappeared. Very slowly men realized that they were beginning to get more of substantial justice under this law more surely than they did by force. The rule of law became universal in all really civilized nations. In them now are hundreds of millions of men, individually disarmed, whose predecessors made the same objections to disarmament that the states themselves now make. And that movement towards disarmament for private war began, as the present one respecting public war, in a sentiment.

Even without a written word from any man of those times to enlighten us, we know that here and there in rude baronial castles throughout Europe there must have been men who, while they sat in their rush-floored halls and listened to the clinking blows of their armorer in the court-yard below, were thinking about the same subject in pretty much the same way that men are doing now. Then, as now, they said, "We want security, — yet we have found no better way to get it than to stake it with

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our lives, liberty and possessions on a throw of a gambler's dice." And were we to imagine the conversation of a few such men, it would suggest, perhaps, a modern international conference. We would find that as soon as they began to reason about it, they were unanimous in their desire for the thing they had in mind, though, for the time, there were irreconcilable differences in the methods they proposed for its attainment. They would separate in the belief that they had been dazzled by a dream, that they had indulged for an idle hour in an imaginative fancy as pleasant and as futile as Virgil's dream of the golden age. They would regretfully say, "It is impossible."

Yet they themselves had begun the movement towards the end they desired. At that very moment, when they first began to think in this way, a new order of things began to grow. And its growth was like that of a tree, by slow processes which resulted, without anyone realizing how or when or why, in accomplishing what men desired without knowing how to attain — disbelieving that it could be attained.

It is plain that national minds are now working on the line which began with individuals centuries ago. The lines may be identical, or they may be parallel and as such may not meet within finite time. That remains to be seen; but they lead in the same direction. And the nations know that the one question confronting them is whether the evolution of law — the only peaceful means for obtaining security and justice that man has been able to devise — stops with the individual or can be gradually extended to national masses. To whatever degree they find this impossible, or as long as they believe that it is, they will remain armed against each other.

In their desire to escape this conclusion, the American people and their legislature have just been engaged in trying to find an answer to one aspect of the question. They know that law and courts, when uncontrolled, may become instruments of injustice and lead to loss of individual security. They have written into the constitution of their government limitations on the law-making body and, in case these should be disregarded, have provided for a control of their courts in the application of the law. They were recently invited by pretty much all the other nations of the world to join in the maintenance of a court devised to settle such of their international disputes as a court, under limitations commonly agreed upon, could take cognizance of. And we have been

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trying — those who consider the matter intelligently and without bias — to find whether we could write into an international agreement guarantees to maintain our national security and have substantial justice in the operation of such a court. If we had failed it would have meant only that we reserved the right to settle by war disputes that we could not otherwise adjust. If we also reserved the right to arbitrate we would leave some fifty-six nations, including all the other great powers, without any assured means of a settlement of their disputes with us except war. We would thus have stood, and alone, squarely across the path of the world in its progress to attain, by concerted means, reasonable assurance of international peace.

Let us keep clearly in mind the only peaceful means that the wisdom of man has been able to devise, or conceive, to settle disputes within or between nations, and note the ones of which mutual fear still prevents full acceptance. They are:

1. Some sort of direct approach, with a view to adjustment; if this fails, then successively
2. Some sort of conciliation by friendly parties;
3. Arbitration;
4. Judicial procedure.

If all fail, and if the dispute is serious enough, the alternative is — war.

The first two have doubtless been practised ever since men, either as individuals or formed into states, began to dispute. In case of failure of these two, the third method has been used from the dawn of civilization — in all recorded history — and was both a result of and an aid to civilization. It has been constantly used in the domestic life of a nation where no law applies to the matter in dispute, or where the parties for any reason prefer to avoid the delay or expense of judicial procedure, or where both prefer the chances of a compromise rather than a judicial decision on the merits of the case. If a law applies they may have recourse to a court. Within a civilized state recourse to any but these methods is no longer allowed. Domestic law does not compel men to arbitrate even if there is no law in the case to which they can appeal. If, in that latter case, they refuse to arbitrate, they can only agree to continue peacefully to disagree. The interest of the community intervenes to prevent violence, that is, private war. And by these methods peace within the state is secured as far as lies in human means.

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As between states, arbitration has been used for at least the past twenty-five years in the same general way and for exactly the same reasons that govern individuals within them. It has been successful in the great majority of cases and has undoubtedly had its influence in preventing war. States have resorted to it by special agreement when some case has arisen; or in accordance with a treaty, to apply in some special case or limited classes of cases; rarely by treaty between a group of three or more nations, and then only to submit one kind of case.

Notwithstanding all the good that has resulted from diplomacy, conciliation and arbitration, when we study the history of modern states of Europe from the time they began to re-arise from the wreck of the Roman Empire we find a story of constant war, constant wrong and injustice received and inflicted by each nation which gained and lost by violence, and often perished by it. Yet, during all those centuries, each was employing every method of diplomacy, alliances and war — with all too rare use of arbitration — to protect itself against its neighbors, as the latter were employing them to protect themselves against it. That was the inevitable result of the absence of organized, helpful coöperation and will continue so in the degree that such coöperation does not exist.

The world is beginning to be inspired by this spirit towards the most difficult and important of all its problems. Gropingly, hesitatingly, with tentative steps, it is feeling its way. The pilot is dropping the sounding line into hitherto unfathomable depths of human nature. Perverse currents have swayed it to and fro and prevented it from touching bottom. Now the lead is beginning to sound the tortuous and still dangerous channel that leads to the haven of the world's hope, even though the vessel freighted with it must cast anchor many times, waiting while the currents shift and the rising tide can lift it over many bars.

This spirit has grown with the growing international conviction that effective coöperation requires some degree, and an increasing one, of concession of the right to make war. Something, then, must be gradually substituted for it. The nations have been able to conceive of nothing, and nothing can be conceived, except in last-resort arbitration, or judicial procedure. Within our own time, going no farther back than the Hague Conventions, they began to emphasize more general arbitration. For this they established a Permanent Court. If they would

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resort to it in all cases there would have been no suggestion of any other court. But arbitration means compromise. Individuals and nations resort to it when they think a contest of violence is not worth while or, perhaps, when no law applies, or each fears the application of the law. Instinct prompts men who honestly believe they are right, and who prefer peace, to seek justice by some form of judicial procedure. Therefore, after eight years' trial an attempt was made at the instance of the United States to modify the Permanent Court of Arbitration into a Court of Arbitral Justice by the addition of certain forms of judicial procedure. But the judicial forms still do not give reasonable assurance of full justice on the merits of the case and the arbitral features still result in compromise.

The desire for justice without war — with all our fear that we may not get it under this or that form of procedure — cannot be downed. It led to the establishment of the Permanent Court of International Justice, accepted by most of the nations of the world with or without varying conditions which represent fears that will persist only until the nations are satisfied that they get more justice with the Court than they can be assured of without it.

Disarmament depends upon some accepted form of arbitration, or some form of Court, or both. Therefore, those who hope for effective disarmament must first of all work for an extension of the application of the principles of both, and a widening of their scope. Let us consider arbitration first. A court can never entirely replace it because men and nations sometimes for good reasons of their own prefer to seek not abstract justice but a compromise. At the same time, a widened and regulated system of arbitration will tend to widen the scope of a Court. If two nations can agree in advance to submit all cases under the most limited class to arbitration it will only require time for them to acquire confidence in the justice of a court before they will prefer to submit most of such cases to it.

The American people have always been stanch advocates of arbitration in cases where their passions did not get the start of their reason. They have tried it many times. They know that they have received substantial justice. In no case did they believe that the amount of justice that they may have failed to get warranted a war to get it. There is no better nor surer way for the United States to gain the moral leadership of the world than

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to act now on this underlying conviction of its people as shown by its frequent but sporadic practice. It has made many special agreements for arbitration; it has many treaties which embody the spirit if not the terms of arbitration. Surely there must be some one thing on which it can make, not special and separate treaties with thirty different nations, but a common treaty with as many of them as possible. It would be an important step in widening the application of the principle.

To illustrate, the United States has many treaties of amity and commerce and other treaties and conventions that control its relations with separate nations. Perhaps it may denounce them when it will; but until that moment it stoutly maintains their sanctity. But the sanctity of a treaty is bound up in the interpretation of it by either of the parties. When each demands the right of arbitrary interpretation in the light of its own interests dangerous controversies may arise. Within limits, the more nations that are parties to the same treaty to attain an end of common and equal interest the more powerful is the sound world opinion that is brought to bear on each member.

Suppose that such a common treaty were concluded between the United States and all of the other important states, pledging themselves to arbitration or judicial procedure, as might be preferred, in case of an otherwise irreconcilable dispute between any two or more of them arising in the interpretation of any provision of a treaty or convention made between the disputants. Does this go beyond the principle accepted in many separate treaties? Would not its successful operation lead to an extension to all cases other than mere interpretations, and finally to those under any provision of international law accepted by both disputants? It is only in proportion as such agreements are made in common by the armed nations that there will be much hope of an effective limitation of their armaments.

The Locarno Treaty of Guarantee is a case in point. It is a five-power treaty of security to three of the signatories. Germany and Belgium, and also Germany and France, mutually undertake that they will in no case attack or invade each other or resort to war against each other. The necessary consequence of this agreement is their further one to settle by peaceful means questions of every kind which may arise between them. The treaty conceives of no method of peaceful settlement, in last resort, except arbitration or judicial decision. The security given

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by the treaty is in the agreement that all the other contracting parties shall give assistance against the one which resorts to war in violation of its pledge. Finally, it declares in advance of the act that the violator or aggressor will be the one which, refusing arbitration or judicial decision, resorts to war, or which, after accepting either, refuses compliance with the arbitral award or with the judicial decision. The functions of two of the contracting parties are those of guarantors of the agreements between the others. There are also certain conventions between Germany and other parties which are in effect parts of the Treaty of Guarantee and which define the method of arbitration to be followed.

The spirit of this treaty regards Germany as still the most probable disturber of the peace of Europe. But suppose some other nation should aspire to perform Germany's former rôle, and should direct its first move towards some other quarter. With Germany practically disarmed the real fear of other armed nations will cease to be of her and will be directed towards each other. What security does the Locarno Treaty give in such a case? It is a great step in the right direction, but to be really effective it must be widened in scope to give regional — *i.e.*, European — security. For purposes of disarmament, partial security may be, practically, no security. If the other nations have no fear except of Germany, why should they not take advantage of her present spirit to make a common treaty of security to cover all the danger spots which still are a menace not only to the peace of Europe but of the world? Manifestly it should be the object of advocates of disarmament to work for more and wider Locarno pacts as necessary to the attainment of their hope.

The same general idea applies as to the scope of the jurisdiction of a World Court of Justice. The first result — it is already becoming evident — of the acceptance of such a court is the demand for a clearer statement and more formal and definite acceptance of the law which it is to apply. Those who object to the Court do so largely because of the insufficiency or vagueness in particular cases of so-called international law. In like case we would have the same objection to domestic law. If honest, this objection will disappear as rapidly as the civilized states (advised by the Commission now engaged in studying the problem), accept one and another definite law to govern their conduct in specific cases. But it will be no law if they reserve the right to reject it when the case arises. Therefore, acceptance of a World

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Court will soon bring the world face to face with the question: "Can and will it have even one single international statute to control its relations in one single important case?" To whatever extent it declines arbitration and the rule of law it must be prepared for the only alternative — war.

Some object for the moment to judicial procedure for fear that it will solidify the alleged injustices of the Treaty of Versailles and other treaties that followed the World War. That war resulted in certain acts of justice and others of injustice. Does any one really believe that the former are likely to be converted into the latter by any action of a court? And how do they expect the latter to be converted into the former? By war? But war, which occasioned them, will certainly multiply them. When the last war came the frontiers of Europe represented the accumulated injustices of centuries of previous wars. Such of these as still exist may, it is barely possible, be corrected by the slow process of peaceful means. But to attempt it by war means the almost certain renewal of former injustices by the reabsorption of the smaller by the larger states. And if this is the only means to a desirable end both large and small states must remain armed.

It must be in the belief that some degree of security now exists, and still more that an increased degree is in sight, that the nations are now considering a Conference on general disarmament or the reduction and limitation of armaments. They are not ready to say that conditions are yet quite ripe. They hope that they may be so by the time the Preparatory Commission has completed its study and recommendations, which may take a year. That being done, they have provided that the Conference shall be called only "as soon as satisfactory conditions have been *assured* from the point of view of general security." The nearest approach to these conditions is to be found, first, in provisions of the Covenant of the League of Nations. In 1919 the proposed three-power treaty giving security to France had failed. The provisions of the Covenant were really little more than the acknowledgment of a principle and gave no accepted assurance in any particular case. To make them effective as a condition of general security the Draft Treaty of Mutual Assistance of 1923 was prepared. It failed. Then the Protocol of 1924 for the Pacific Settlement of International Disputes was submitted to the world. It failed. Then came the Locarno Treaty of Mutual Assistance. It succeeded, — because it was not general but specific and ap-

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plying to one case. The world was not ready to assure satisfactory conditions of general security; but five powers were ready to assure it with respect to three of them.

How, then, achieve the more "satisfactory conditions" of general security, on the attainment of which, it seems, the disarmament conference must wait? Can any one suggest, as being reasonably probable, anything except a wider and wider extension of the Locarno pacts? And who is taking any step towards this end? Should not nations who propose a Conference continue the only steps they have been able to take towards the attainment of the satisfactory conditions on which the succcess of the Conference depends? There are some who think the United States could well take the lead; that it can do this because it has accepted the invitation of the other powers to join in the work of the Preparatory Commission; that it has reserved the right to participate in a Conference; that these powers themselves indicate that there can be no successful Conference until there is increased probability of security under more favorable general political conditions; that there can be no concrete evidence of such conditions except some solemn pact that will show to what further extent the nations are ready to give assurance of security by agreeing upon peaceful methods in substitution of war; and that, therefore, it has a right to know the real disposition of the nations of the League who send to it their invitation.

Many of the factors of the problem seem easy enough to solve on paper. Some very glibly propose that a beginning be made by reducing all military establishments by fifty percent, or by any other agreed percentage. But so long as the danger of war exists at all, — as it does and will for an unknown time, — we must answer the question, "What is the military value, for purposes of defense or offense, of any given percentage of an existing military establishment?" For each nation will say that its security must be guaranteed and that until some reliable substitute for force can be found it must guarantee its sovereignty by its own military power. It will say that its utmost attainable security is represented by its existing military establishment and that before it gives up any assumed percentage of this form of security it must know, with reasonable exactness, the value of the new form which is proposed, expressed in terms of the value of the percentage of its present military security, which it is proposed shall be taken away from it. And it will further say, and rightly,

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that there are countless elements which determine a nation's strength for war which may make a neighbor's weaker military establishment equal to its own, and an equal one of another neighbor much superior to its own.

It might be assumed that when nations realize that, despite all their efforts, their armed forces are unequal, they might accept an equal percentage of reduction, leaving their numerical inequalities in rifles, cannon, etc., the same as now. But nations A, B and C may say, "We are willing to reduce with respect to D, but we cannot do so with respect to E," and they may decline with respect to each other. Again, A may say, "B maintains a force of 400,000 men, and we 200,000, and we have no hope of overcoming this inequality. You propose that we reduce to 200,000 and 100,000, respectively. But with our present force we can guard for an indefinite time the approaches through our frontier, even against the enemy's superior force. If we reduce our force we can guard no point effectively and some points, perhaps, not at all — which means our prompt defeat."

And so it is whenever any general principle is proposed to govern a general disarmament. Nations will readily reduce their forces in proportion as their fear of each other nation disappears. But among the large powers which have developed to the limit the system of competition in armaments, in which system lies the possible danger of another world war, each must disarm the spirit of fear towards all its competitors or little can be hoped. Otherwise, one nation may be willing to reduce with respect to a second; the second may be willing with respect to the first and refuse with respect to the third; and so it may go along the entire vicious line.

Perhaps the reader will think from what I have said that I mean a solution is impossible. Nothing is further from my mind. Beyond a doubt the world within recent years has begun to acquire a new spirit towards this problem of disarmament. It understands that it must make a beginning, however small, of finding the solution, — an all important thing which it has never realized before. It will find that what it has done within the past seven years gives it a degree of security, increasing very slowly, which can presently be substituted for some slight but increasing percentage of its present military security.

It is interesting to note some of the limitations imposed by the probable agenda of the Conference, should it be held under present conditions.

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What is disarmament? To ask the question reveals the gravity and the complexity of the problem. To a fanatical extremist it might mean at first sight the abolition of every agency that nations employ to attain their end in war. But great numbers of these things are the outgrowth of peaceful evolution; their manufacture and use are necessary, since man has once had them, for the orderly processes of life whether war exists or not. In short, the nation which is best organized for peace, which is the most abundantly supplied with the agencies which have come with civilization and on which that civilization largely depends, and with the facilities for the production of them and with men skilled in their use, is the one best organized for war. Modern war, war of the kind which alone to most people gives the problem of disarmament any special importance, would be quite impossible without commercial steamships, railroads, motor cars, factories of all kinds with their skilled workmen, telegraphs, telephones, radio, aeroplanes, laboratories for every kind of experiment and research, on all of which also depends pretty much everything that is useful or beautiful in human life. And it is this fact which makes the problem so difficult even for the most reasonable men.

Evidently, therefore, the advocate of disarmament must define his object so as to bring his problem within the limits of the possible. Let us ask in another form the question which I have already put. What is the thing believed to be capable of disarmament? In other words, what is armament? For the purposes of disarmament, I think that it is not only fair but exact to state that the term "armaments" includes only those agencies (including organized forces) for use on land and under it, on water and under it, and in the air, which are provided and maintained by a nation *solely* for the purpose of *international* war. In other words, we must exclude agencies which are necessary, or even only desirable, in peace. They cannot be abolished. At the most, attempts may be made to regulate their use, with the knowledge that the regulation is sure to go by the board under the stress of war.

Let us suppose that a disarmament conference of all nations were to meet under conditions which, while leaving the internal character and condition of each people as before, would give a guarantee against the possibility of any international war. Such a conference, it is fair to assume, would come to some agreement as to the armed forces required by each nation to maintain

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its internal peace and order, and would begin the reduction from their present status to that basis.

When the reduction had been completed one nation might have an infantry force, another a cavalry force, a third a combination of the two, varying in all of them according as extent of territory, size and character of populations and other conditions make one or another kind of force most suitable to preserve peace and order within the country. And here the common sense of a people, their desire to avoid an unnecessary burden, would — if international fear were removed — see to it that the force was not excessive. These forces would have, according to the circumstances of each case, machine guns, field artillery, aeroplanes. They would be prepared for the use of noxious gases which are already used for the same purpose by the police forces of various cities.

Of course under the condition assumed, namely, the absence of international fear (and under no other condition can we attain the degree of disarmament imagined in the foregoing lines), each nation would organize and equip its internal force to meet its own necessities and without objection from any other. The assumption, impracticable under present conditions, is made only to show that when a reduction of armaments is carried to the extremest limit in any nation, that nation will still have, in less quantity, the same kind of armament that it has now, excepting only such material as is provided solely for the purpose of international war; and that no other agency of that kind now used in war can be abolished so long as forces may have to be maintained for internal peace. The actual abolition of material would largely be limited to the forms of ordnance used in the bombardment of strongly fortified positions and in very long-range firing, as in the case of German guns which bombarded Paris from a great distance in the latter part of the recent war. The armament of this reduced force would be liable to change just as now. But this would not proceed with the feverish haste, energy and expense of to-day because the competitive element would be lacking. It is not to be supposed that a nation would permit organized bodies of its own people to compete with it in armament. The problem of disarmament on the sea, could there be a guarantee against international war, would be far simpler.

The size of armed personnel is, of course, one of the things subject to reduction and limitation. A Conference will find that,

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provided it is accompanied by a proportionate reduction of reserves of war material and facilities for its manufacture, it is about the only way to limit the ultimate war strength of a nation. The military personnel consists of the men with the colors and those who have passed through their term of training and have entered the ranks of civil life. There is a definite relation between the numbers of the latter class and the former. A reduction in the former, in nations which practise conscription, would slowly reduce the latter class. Otherwise than in this way, the numbers of trained men now in civil life in any country can be reduced only by the processes of age and disease. But their immediate effectiveness for war may be limited by a reduction in reserve material to put into their hands, and this would be a great gain for peace.

If a Conference attempts to determine a measurement of relative armaments, I think it will be found practicable only by a comparison of the numbers of trained men with the colors and in civil life and the amount of military equipment of every kind. It would lead to no useful result to discuss — taking one question to illustrate many similar ones — whether the men of one nation are better or poorer soldiers than those of another. No nation will reduce its armed forces or its equipment merely because it is believed that they are better than those of some other nation, — a point which will be hotly contested and on which there would never be an agreement. Nor, to take another illustration, can military expenditures be accepted as a safe guide in the comparison of armaments. These depend in each nation upon the compensation which it is willing to give its soldiers, upon wages of civil labor, etc.

It may be suggested that a Conference make a distinction between offensive and purely defensive parts of national armament. If it should attempt to do this, it would probably find that a fortification without its armament is about the only purely defensive element. The armament of the fortification could be properly classed as defensive if it is immovable from its position, that is to say, cannot be sent with an army for use in its battles, trench warfare, sieges, etc. But even so it could not be so classed if the fortification is located in a manner to give its guns range over alien territory.

If the Conference attempts to determine whether a particular force of armed men is organized for purely defensive purposes,

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or otherwise, the points examined must include the extent to which its form is that of a military body, its armament and equipment, and its habitual use. A police force organized into companies and battalions on military lines and drilled and trained as such bodies of soldiers are, would certainly be liable to suspicion as to its ultimate use, regardless of its armament and equipment. In the case of police forces, rifle clubs, and other civilian organizations, the answer must be given after a commonsense consideration of the circumstances of each case. But it is always true that any organized body of skilled men can be more quickly converted from a purely defensive one into one for offense than an equal number of unorganized men.

It will be difficult for a Conference to draw up a mathematical scale for reduction except on the basis of existing peace strength, — that is to say, the existing strength in trained personnel and its available stock of military armament and equipment. If it attempts to take into account such elements as national resources, geographic situation, vulnerability of frontiers, etc., etc., each nation will say that its existing military establishment and preparation for war results (to the extent of its ability) from taking into account all of these and many other factors. That being the case, if a reduction is to be effected on a certain scale, it must be one based on present conditions. Otherwise, A, B and C may say, "It is possible that we can still further develop our organized strength; you must wait until we have completed this before a fair scale of proportionate reduction can be made."

A reduction in aircraft specially designed and made for military purposes could be effected as easily as could a reduction in any other class of material, provided a scale can be agreed upon for any of them. It is probable, however, that all civil aircraft could be used for some direct or indirect military purpose in time of war. Probably not even those that could be converted would equal aircraft specially designed for military use. But there will soon be civil aircraft of great carrying capacity, both for passengers and freight, that will be very valuable in war for transportation purposes. They will be, as it were, motor cars and railway trains in the air. If an attempt is made to determine the equivalent value in a military sense of different classes of civil aircraft a Conference would probably have to rate them as of the same military value as machines specially designed for war, because of the difficulty of agreeing on any other equivalence.

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The question illustrates what has been said before that the nation which is best organized for peace is the best organized for war. Its railroads, ships of commerce, chemical and research laboratories, etc., will be invaluable for war. They can neither be reduced nor limited. No progressive nation will allow itself to be penalized because of its progress in peaceful pursuits. All of these possible agencies are used in war and make it more and more formidable. But the thing that will first of all and most of all count in maintenance of peace is the reduction and limitation of agencies directly and immediately provided and used for international war. Admitting that civilian aircraft can be used for war, the most that can be hoped for is that nations may agree to limit those specially designed for war, but it will be with the understanding that they have all that they can manufacture and actually use in activities of peace.

After what I have said, it is not necessary to emphasize the fact that the problem of disarmament — meaning a reduction and limitation of armaments — is the very slipperiest of all slippery problems to take firm hold of. No one can realize its difficulty until he attempts to approach its solution in any really constructive way.

Many people are impatient at the suggestion of delay. They think that the solution is as easy as to ask and answer the question, "What is the sum of ten units?". But we are dealing with national mentalities, whose energy will for a time be quite exhausted when they have added two units. It will be an indefinite time before they get ten. But they will get, if they only begin, nearer and nearer to it. The real problem is to begin to add.

My own opinion is that for the present the most practicable thing to work for is regional limitation and reduction growing out of increasing regional security. Every such step will be in the direction of general disarmament. And as a matter of fact, if a very few great nations could begin some reduction in that part of their military establishments which is admittedly maintained with an eye to their near neighbors, without concerning themselves with what the many small nations are willing to do, the problem of disarmament would be a long step foward on the way to solution.

Even under present political conditions a Conference meeting in the new spirit which is beginning to influence the world can be hoped to accomplish much. Nevertheless the fact remains

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that disarmament will proceed only as peaceful methods for settling disputes are substituted for war. In proportion as that is not done nations will fear war and prepare for it. The advocates of disarmament can do no more effective work than in helping in the world movement, slowly gathering volume and momentum, towards what, in the last resort, are the only peaceful substitutes for war — pledged arbitration and judicial procedure.

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FRENCH NAVAL AIMS

By Gustave de Kerguezec

AS Chairman of the Naval Committee of the French Senate I am highly gratified at this opportunity to submit to impartial American judgment the naval situation, past and future, of my country, and to emphasize the fact that French naval policy, as far removed from imperialism as is Greenland from Cape Horn, holds exclusively in view the protection of French liberties and the coöperation of all peoples for world peace.

To be sure, one might compile from French newspapers a list of articles inspired by the rankest imperialism. What nation is without its chauvinists and super-patriots? France is a country of free discussion with a free press. But one swallow, as we say, does not make a spring. Though Commander Castex is a naval officer he does not speak for the French navy and much less for the French nation.

Foreigners who visit France usually confine themselves to Paris, a city without restraints, without surveillance, where people flock from all parts of the world to indulge in gaieties which the French themselves could not afford even if they had a taste for them. Most often the tourist goes away without perceiving that he has learned nothing whatever about the real France, the France which in the industrious seclusion of her towns and villages is jealously guarding her national traditions, her national virtues, her national idea — everything, in short, which her past has achieved and on which her future will depend.

To understand the real feelings of the French people one must take into account the last fifty years of our history. The Republic which was set up on the fall of Napoleon III was an expression of popular enthusiasm, and it encountered serious difficulties in establishing its authority on more solid foundations. But once the French peasants had grasped its full significance, in terms of hope, of peace, of liberty, of justice, they gave the Republic an unshakeable stability.

At once the French Republic began covering its territory with a multitude of schools in which citizens of all classes were taught that France was greater and more glorious through the achievements of her thinkers than through the prowess of her generals,

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and that, as an heir of the French Revolution, she had a sublime mission in the world — the mission of peace and human brotherhood. The Republic, moreover, was successful in imparting this lesson. One may say with literal truth that all the plain people of France were reared in that conviction as in a religious faith.

The Great War came with all its trials and sufferings. During the five years it lasted, and during the five following years, the French masses lost touch with public affairs. Then came the elections of May, 1924, which placed M. Herriot in power and once more revealed to the family of nations the true features of France. Henceforth cabinets may rise and fall according to the vicissitudes of political life — as varied and changeable as the surface of a troubled sea. One can never predict what developments the morrow will bring. But on one thing the prophet may rely without fear of going wrong: that no Government, whatever its complexion, can enlist the support of enough French citizens to follow a policy of foreign conquest. France used to live in dread of war. Those Frenchmen who have endured the last conflict have come to hate the very idea of war. Our country has only one ambition — that her frontiers be secure from invasion, that the provinces she has repurchased with some of her finest blood be safe from new attack.

Until her frontiers have been fully and permanently guaranteed, France must undoubtedly remain in a position to marshal her resources from overseas; and for that purpose she must be sure of unimpeded transit for her convoys. In a word, her naval policy may be reduced to a formula: "Protection of frontiers by land and sea, and security of communications."

I hope these prefatory remarks have made it reasonably clear that France must be far from satisfied with the present outlook.

THE FRENCH NAVY IN 1914

On January 1, 1914, the French navy showed a gross tonnage of 803,000 tons. However, our naval program was in process of development.

The Naval Bill of March 30, 1912, had provided for ninety-two additional units to be added during a period of seven years, on the following scheme:

16 battleships, of 23,000 tons, with 12-inch and 13.6-inch guns, or larger.
6 cruisers.
20 destroyers.
50 submarines.

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The execution of this program would have given us the following strength in 1920:

28 battleships, with guns of unit calibre.
20 cruisers.
52 destroyers.
94 submarines.

Between 1911 and 1914, the following units had actually been commissioned:

4 battleships of the "Courbet" type, with twelve 12-inch guns.
3 battleships of the "Lorraine" type, with ten 13.6-inch guns.

Our shipyards had also laid down:

5 battleships of the "Flandre" type, to carry twelve 13.6-inch guns.

This naval strength had been conceived for the following purposes:

1. To provide protection for an overseas domain which, between 1870 and 1914, had increased from 230,000 square miles of territory to 4,250,000 square miles; with populations which had increased from 7,000,000 souls to 50,000,000 souls; and with an annual commerce which had increased from $120,000,000 to $600,000,000.

2. To assure safe convoy to France of colonial troops and supplies, and of raw materials unavailable at home but necessary for the manufacture of munitions in case of war. In this last category are included: coal or coke, coal tar, petroleum products, timber, cereals, sugar, phosphates, sulphur, wool, cotton, and a number of metals and minerals which must be sought either in the French colonies or in countries accessible to France only by sea.

3. To defend the home coasts.

Some idea of the obligations devolving upon the French navy, within the limits of these purposes, may be gathered from the following data:

We must protect 1,425 miles of domestic seaboard, and 8,110 miles of colonial seaboard. Our lines of communication total 34,484 miles in length.

A comparison of seaboards shows that France, with 9,535 miles, stands third among the Powers, following Great Britain with 32,835 miles, and the United States with 13,830 miles. Her task is much greater than that of Japan or of Italy, which have but 5,570 and 4,630 miles respectively.

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As for lines of communication, France stands second, with her 34,484 miles. Great Britain has 66,046; the United States, 16,507; Japan, 4,822; and Italy, 3,889.

THE FRENCH NAVY DURING THE WAR

The war of 1914 brought our naval development to a full stop. Over a period of eight years, between August, 1914, and January, 1922, not a single ship (save, of course, the submarine chasers built for the war) was laid down in French yards. Moreover, not only was work on the five battleships of the "Flandre" type suspended; but, as early as 1916, as spokesman for the Chamber Committee on Naval Appropriations, and again in the same capacity in 1919, and still again in a Report on the Naval Program made in December, 1920, the writer recommended the permanent abandonment of work on the five battleships, a recommendation which was accepted by both Chamber and Senate in 1922, with the declaration that France refused to enter on a program of competition in naval armaments, that we had designs of aggression upon no one, and that we intended to give up fleets of heavy ships to concentrate on a strictly defensive program.

From 1914 on, the French navy progressively deteriorated as regards both the number and the power of her units, while other countries were increasing the number and the efficiency of their war vessels.

WORLD NAVIES SINCE THE WAR

The two following tables show the development in the naval tonnage and in the naval appropriations of the different Powers between the years 1914 and 1925, as well as the respective percentages of increase or reduction.

GROSS TONNAGE, 1914-1925

(*American tons*)

	Great Britain	*U. S.*	*Japan*	*France*	*Italy*
Jan. 1, 1914	2,189,000	864,000	570,000	803,000	405,000
Jan. 1, 1919	2,476,000	1,007,000	610,000	580,000	333,000
Jan. 1, 1925	1,259,000	1,105,000	686,000	408,000	285,000
	Reduction	*Increase*	*Increase*	*Reduction*	*Reduction*
Percentages	42%	28%	20%	49%	29%

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It will be noted that the greatest proportionate reduction in tonnage has been suffered by France.

CURRENT NAVAL EXPENDITURES AND APPROPRIATIONS FOR BUILDING

(*in millions of dollars*)

	Great Britain		*United States*		*Japan*		*France*		*Italy*	
	Cur. Exp.	*Bldg. Appro.*	*Cur. Exp.*	*Bldg. Appro.*	*Cur. Exp.*	*Bldg. Appro.*	*Cur. Exp.*	*Bldg. Appro.*	*Cur. Exp.*	*Bldg. Appro.*
1914.....	256	73	142	27	49	26	103	40	62	24
1920.....	817	111	1,121	178	125	96	231	33	84	7
1925.....	255	50	308	32	95	35	70	20	41	8
	Reductions		*Increases*		*Increases*		*Reductions*		*Reductions*	
Percentages...	0	31%	116%	17%	94%	42%	30%	50%	30%	66%

Here again, in current expenses and in appropriations for building, France has made the greatest reductions; for if in 1925 Italy seems to lead in the curtailment of her building program, it must be remembered that in the years just preceding she built several ships whereas France did not lay down a single keel.

But the preceding figures, referring only to gross tonnage, fail to give an exact picture of the deterioration of the French navy since 1914. If we turn to the ships themselves, we find, as regards units actually in commission in the different navies on Jan. 1, 1926 (disregarding the superannuated battleships and cruisers of the United States, of France, and of Italy), the following situation:

SHIPS IN SERVICE, JAN. 1, 1926

	Capital Ships	*Aeroplane Carriers*	*Light Cruisers*	*Scout Ships & Destroyers*	*Torpedo-boats*	*Submarines*
United States	18	1	13	0	277	125
Great Britain and Dominions	22	6	54	17	186	79
Japan.....	10	1	21	0	78	52
France.....	9	0	4	1	41	39
Italy.....	7	0	9	7	53	43

Even this prospectus overstates the position of France, for the figures are not all of equal value. They put on the same plane old units that have no appreciable efficiency and new ships which represent the very latest developments in technical progress. To describe the situation more exactly, we should omit from the reckoning old French battleships of the "Danton" type, and old Italian battleships of the "Napoli" type, as well as light ships built before 1914, which have long since been outclassed. Thus revised, the table would read:

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SHIPS IN SERVICE, JAN. 1, 1926

(*Including only Battleships with 12-inch Guns, or larger, and Light Craft built later than 1914.*)

	Capital Ships	*Aeroplane Carriers*	*Light Cruisers*	*Scout Ships & Destroyers*	*Torpedo-boats*	*Submarines*
United States	18	1	13	0	269	109
Great Britain and Dominions	22	6	41	17	186	79
Japan	10	1	17	0	74	52
France	6	0	1	1	24	38
Italy	5	0	1	7	47	42

Let us add to the preceding table the figures for ships now building. Making the same exceptions as before, we get:

SHIPS IN SERVICE OR BUILDING, JAN. 1, 1926

	Capital Ships	*Aeroplane Carriers*	*Light Cruisers*	*Scout Ships & Destroyers*	*Torpedo-boats*	*Submarines*
United States	18	3	15	0	269	110
Great Britain and Dominions	24	6	48	17	186	80
Japan	10	3	25	0	78	62
France	6	1	6	7	42	52
Italy	5	1	3	7	53	52

Here, finally, is a comparative table of the guns and torpedo tubes on the ships in service or building in the different navies:

ARMAMENTS OF SHIPS IN SERVICE OR BUILDING, JAN. 1, 1926

	13-inch guns or larger	*8-inch to 13-inch*	*4-inch to 8-inch*	*Torpedo-tubes*
United States	148	62	1,497	3,311
Great Britain	206	50	1,455	1,762
Japan	106	80	633	1,079
France	30	100	401	922
Italy	0	84	531	753

ANALYSIS OF FRENCH NAVAL STRENGTH IN 1926

So much for a comparison of the French navy with those of other powers. If now we examine the French fleet in itself, we find the following situation:

BATTLESHIPS

3 of the "Bretagne" class:

designed in 1913; armament, ten 13.6-inch guns, and eighteen 5.5-inch guns, delivering a broadside of 12,570 pounds. (The American "Colorados" carry eight 16-inch guns of much longer range, with a broadside of 17,700 pounds)

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3 of the "Jean Bart" class:
designed in 1911; armament, ten 12-inch guns, and twenty-two 5.5-icnh guns, broadside: 10,000 pounds.

3 of the "Diderot" class:
these we mention only to keep the figures complete; for they carry only four 12-inch guns and twelve 9.8-inch guns, with a broadside of 6,600 pounds.

Not one of these nine battleships can carry a torpedo. They may be considered worthless as compared with any of the capital ships of the United States, England or Japan. They are somewhat closer to the Italian battleships, four of which carry thirteen 13-inch guns, with a broadside of 12,800 pounds, while another has twelve 12-inch guns delivering a broadside of 11,700 pounds.

LIGHT CRUISERS

4 ex-German ships:
the "Metz", the "Strasbourg", and the "Mulhouse", carrying six and seven 6-inch guns, and the "Thionville", carrying nine 4-inch guns. All superannuated, except the "Metz", which was launched in 1915. Armaments of old type, low speed.

DESTROYERS

1 ex-German ship:
The "Admiral Sénes", carrying four 6-inch guns.

TORPEDO BOATS

41 old fashioned craft, much the worse from wear during the war:
of these 13 are French, antedating the war. 9 are ex-Germans; 12, ex-Japanese, dating from 1917 (tonnage too light, 700 tons); 3 French, built since 1914, but of doubtful value; 4 ex-Argentines, slow.

SUBMARINES

39 boats, of which twelve, at the most, are serviceable.
8 are ex-German, of hasty construction. 31 are French, but built on designs prior to 1914. All are outclassed by the similar craft in other navies.

We must take account, however, of the ships at present building in French yards, and to which reference was made in the tables given above:

SHIPS AUTHORIZED BY THE BILL OF APRIL 18, 1922

3 cruisers, of 8000 tons, carrying eight 6-inch guns.

These units are without real value. They were hastily designed and their armament is already outclassed by cruisers of the "Washington" type (U. S. Navy).

6 destroyers, 2,400 tons, with five 5-inch guns.
12 torpedo-boats, 1,500 tons, with four 5-inch guns.
6 submarines, 1,150 tons.

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6 submarines, 600 tons.
1 aeroplane-carrier, 22,000 tons.
[An experimental craft, rebuilt from the battleship "Bearn"].

SHIPS AUTHORIZED BY THE BILL OF APRIL 12, 1924

2 cruisers, of the "Washington" type, 10,000 tons, carrying eight 8-inch guns.
6 torpedo-boats, 1,500 tons, like those mentioned above.
2 submarines, 1,500 tons.

SHIPS AUTHORIZED BY THE BILL OF JULY 13, 1925

1 cruiser, "Washington" type, 10,000 tons.
3 destroyers, 2,400 tons, like those above.
4 torpedo-boats.
7 submarines, like those authorized April 12, 1924.
2 mine-laying submarines, 750 tons.

What can we say when we compare the ninety-four old-fashioned and superannuated units of our fleet with the 364 vessels of the British navy, equipped with all the improvements suggested by experience during the recent war in every branch of technical science?

THE MEDITERRANEAN SITUATION

But supposing we pass over the general world situation and confine ourselves specifically to the Mediterranean. How are we placed there?

DISTRIBUTION OF NAVAL FORCES IN THE MEDITERRANEAN

	Great Britain	*Italy*	*France*
Battleships . . .	8, modern, with 13.6-inch and 15-inch guns	5, useless	4, useless
Aeroplane Carriers	1, the "Eagle," 26,000 tons, 24 knots	none	none
Scout Cruisers and Destroyers	9, up-to-date	10, old	2, old
Torpedo-boats	36, up-to-date	32 up-to-date	13, serviceable, but old.
Submarines . .	6, up-to-date	41, up-to-date	24, serviceable
Totals	60, up-to-date	88, of which 73 are up-to-date	43, of which only a dozen of fighting efficiency

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Let us assume that in case of an attack upon France, England remains neutral. The forty-three French units, listed above, would be confronted by eighty-eight Italian vessels of more recent design and of better armaments, not to mention twenty-two Spanish ships, also of recent build (2 battleships, 4 cruisers, 6 destroyers and 10 submarines). Furthermore, France would also have to face in the north a German navy which, though much reduced, is still far from being a negligible quantity: thirty-six units, which Germany will be sure to improve as opportunity offers.

In any event, there can be no doubt that if, for one reason or another, Italy should see fit to oppose the movement of French convoys to and from Algeria and Tunis, not a regiment of troops, not a cargo of supplies, would ever reach France. If our four battleships more or less balance the five Italian battleships, what could our two old-fashioned, ex-German cruisers do against the ten Italians? How would our thirteen pre-war torpedo-boats fare with the thirty-two new torpedo-boats and destroyers they would be called upon to meet? How could we defend ourselves against Italy's forty-one submarines, all built since 1914, without counting her flotillas of small torpedo boats and scouts, for which we have no equivalent in the French navy? How, especially, could our old and out-worn vessels enter battle on anything approaching even terms if, as was said above, France did not build a ship between 1914 and 1922, while Italy, for her part, was making the great effort in naval construction to which her fleets now owe six light cruisers, twenty-two torpedo boats and forty submarines (to which nothing in the French navy corresponds)?

NAVAL POLICY

All of this, we imagine, shows how foreign to warlike intent must be the naval policy of France at present. The writer has defined that policy many times in speeches before the French Chamber and the French Senate. France will not consider foreign conquests under any conditions, upon any pretexts. She is interested only in security toward the East. Facing as she does in that direction a population which outnumbers hers by more than a third, she needs a decisive supplement of colonial troops. And this situation begets a naval policy providing, first, for the protection of her coasts; and, second, for the safe transport of men and supplies to an extent necessary for the preservation of her

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territorial integrity. These objectives have been made concrete in a formula: *the abandonment of fleets for offensive purposes* (that is to say, of heavy ships capable of fighting overseas); *and the maintenance of defensive fleets for the protection of our coasts and our convoys.*

We are well aware that England is constantly urging us not to worry about the defence of our coasts nor about the provisioning of our armies — she will attend to that, in case of conflict. An extremely attractive offer! But need we repeat our objection to it? To accept it would be to place France under the complete domination of England, to surrender all autonomy in our diplomacy, to make the French army an instrument of British continental policy, to reduce France, in short, to a position of vassalage toward England. Is there a people on earth that could accept such a humiliating and insecure position?

France insists on retaining freedom to determine her own destinies; that is to say, to follow her own diplomacy, which is a diplomacy of peace and brotherhood between the nations. No people welcomed the idea of general disarmament more enthusiastically than the French. There is not a home in all France where that idea is not deeply loved. All our mothers who have lost sons on our battlefields, all our widows, all our orphans, find in that idea a consoling faith that their dead shall not all have died in vain.

The French have suffered many disappointments. Henceforth they prefer to see where they are going. They regarded the Washington Conference as the event of the century, because they thought it was to end in general disarmament. They were profoundly hurt on discovering that disarmament was to apply only to certain nations, and on being forced to realize that, as far as the Old World was concerned, the Conference had resulted only in placing Europe under the tutelage of England.

The reader need only be reminded of the conditions under which we were admitted to that Conference. No precise understanding had been made, no program clearly outlined. As Mr. Hughes had said (see the French "Yellow Book"), we were to talk things over and come to an agreement as among friends. Nothing could have been more to our liking. As a matter of fact, an arrangement, in which we were not considered, had already been worked out before our arrival; and we found, not the atmosphere of straightforward and peace-seeking discussion which we

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had hoped to find, but conflicts and adjustments of special interests.

From November 12 to December 15, — for more than a month, that is, — our Delegation was held aloof from the negotiations in progress between the representatives of the United States, Great Britain, and Japan. Then we were informed, with no opportunity for discussion, of arrangements which gave a character of permanence to the deterioration of our navy, brought upon us by four years of war, during which we had sacrificed the maintenance of our naval establishment to the common objectives of our allies on land.

We realize that mistakes were made in Washington by the French Delegation. Its technical advisor was a General Officer who had evinced pronounced imperialistic views during the war and who had been, in consequence, relieved of his post as Chief of the General Staff. The same gentleman advertised his scorn for the will of Parliament and came home demanding 350,000 tons in battleships at a time when Parliament had expressly voted that it wanted none at all.

However, the writer's intervention, through a speech in the Senate on December 26 and 27, 1921, attempted to put matters right again. In that speech the writer defined his attitude toward purely defensive instruments of warfare, affirming an intent to use them only against war-vessels, and specifying that France would never employ her submarines in ways which had been so justly condemned in the case of the Germans.

The submarine, said the writer at that time, is the only weapon left to a poor or to an impoverished country. If small nations and ruined nations are denied any weapon of defence against heavy battle-fleets, what becomes of the liberty of nations? How is it more cruel for a submarine to sink a battleship which is attacking a coast, than it is for the battleship to bombard shores inhabited by women, children, invalids, and noncombatants? To ask the question is to answer it. On the other hand, let the surface killers disappear, and the weak will be at once in duty bound to suppress their submarine defense.

Subsequent facts have borne out this contention. For the small powers may now be seen basing the protection of their coasts on submarines, which are constantly increasing in number. The small navies had thirty-one submarines in 1914. They now have ninety — Holland alone twenty-four. One can hardly accuse

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nations such as Holland, Sweden, Denmark and Norway of imperialistic notions.

THE ATTITUDE OF THE FRENCH PARLIAMENT

However, we may leave the discussion to an official document, which defines in the clearest possible terms the writer's attitude toward French naval policy. Debated and unanimously adopted by the Senate Navy Committee, it was read to the Senate on April 3, 1925, and received the unanimous applause of that assembly. It accurately expresses the sentiments of the French Parliament, and of the French nation, on this question of our navy:

"As early as 1916, while the war was still in progress, we outlined before the Chamber of Deputies the naval policy that France would probably be called upon to follow. We expressed the conviction that France should abandon fleets of heavy ships for offensives overseas, and confine herself to defensive fleets, designed to protect her coasts, her colonies, and her lines of communication.

"Later on, in 1919, as spokesman for the Committee on Naval Appropriations before the Chamber of Deputies, we embodied those views in an official report which was approved not only by the Committee on Finance, but by the Chamber itself.

"We took the initiative also in bringing about the suspension of work on the battleships of the 'Flandre' class, the most modern then under construction in our yards.

"Three years ago the Senate likewise went on record in favor of these views, solemnly declaring that the Parliament, sole spokesman for the country, would not vote credits for fleets of offense, since the policy of our country was a defensive policy, and that the watchword of French naval policy should be 'The Freedom of the Seas'.

"England, on the contrary, during this time continued building not only submarines, but heavy ships as well, launching them with such rapidity that the naval review off Spithead offered to the world a spectacle of the most formidable armada ever assembled in the history of mankind.

"During the Washington Conference the strength of our navy in capital ships was so fixed and limited that no circumstance could arise whereby we should become a menace to British power. We saw no difficulty in such limitation, provided no impediments were offered to our means of defence. To omit such

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a proviso would be tantamount to recognizing English hegemony over the Continent of Europe and our own political vassalage. No Frenchman could think of accepting such a situation.

"Our country would like, in case of war in Europe, to be in a position to defend its independence and safeguard its lines of communication.

"England, on the contrary, would like to be mistress of all the seas about us and thus control, and perhaps determine, all European policy. England's intent was well defined in a speech delivered by Lord Rosedale before the House of Lords on the first of April last. Said Lord Rosedale: 'I should like to inquire as to what rights exactly are reserved by Great Britain for the future use of her naval power. I believe that the only way to establish a durable peace in Europe is to leave England an overwhelming superiority, and to state clearly to other nations the principles which we intend to uphold on the sea in the event of war.'

"Two doctrines therefore confront each other, — the English doctrine of 'British Supremacy', and the French doctrine of 'Freedom of the Seas.'

"The French Parliament will gladly allow the Government to participate in a new Conference on Disarmament, provided disarmament be for all alike — even total and complete; and, in any case, provided disarmament be not designed to entrust the freedom of small nations to the will of those which harbor dreams of world empire.

"Washington? Yes! . . . But a real Washington, where we shall know in advance what problems are to be raised, what points are to be discussed, what proposals are to be made.

"The French Republic, perennial champion of Liberty, would probably incline toward a formula of complete disarmament which would guarantee security to the weak and freedom to all through the constitution of an international police force which would not be an instrument of domination in the hands of any Power.

"In any event, it would be on the basis of the Freedom of the Seas and equal freedom for all, that the Parliament could approve of participation by the Government in a new Conference, in which it would be happy to see the source of greater security, greater freedom, more perfect justice."

Were these not the views expressed at Geneva a year ago by M.

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Herriot, and more recently at Locarno by M. Briand? Were they not the views of President Wilson himself when he formulated his Fourteen Points?

In concluding this article we can only repeat that France is in favor of complete and total disarmament; that France is in favor of placing the naval police power in the hands of a group of nations which will assure the freedom of the seas; that France will favor the adoption of any formula which will prevent any nation in the world from gaining hegemony over any continent and supremacy over any sea. France aims at peace with the whole world — with her enemies of yesterday, as well as with her former allies.

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"THE INTIMATE PAPERS OF COLONEL HOUSE"

By Walter Lippmann

I

THESE two volumes[1] tell Colonel House's story of his association with Woodrow Wilson through the period of American neutrality. They end with a scene at the White House after the delivery of the war message; the President, his family and the Colonel are alone together.

The two friends had spent the day doing nothing except kill time until the President was called to the Capitol. House set down in his diary that he could see signs of nervousness beneath the President's apparent calm. "In the morning he told me he was determined not to speak after three o'clock, believing it would make a bad impression — an impression that he was unduly pressing matters. I thought differently and persuaded him that he should hold himself ready to address Congress whenever that body indicated their readiness to hear him. It turned out that he began to speak at twenty minutes to nine and finished in about thirty-two minutes. I timed him carefully." . . . It was like the two men, the one in such an agony of doubt over the awful responsibility of the decision into which he had been pushed that he snatched at a pretext that might allow him to delay; the other imperturbable and aware of the immediate requirements of the occasion even to setting down in his diary that he had timed the President carefully and that he spoke about thirty-two minutes. Colonel House did not put down in his diary that night how he felt about the entry of the United States into a great European war, except to say that it seemed to him that "Wilson did not have a true conception of the path he was blazing." It was House's business to be calm and so he simply wrote that they had dined early, at half past six, and that they talked of everything except the matter in hand, that when they returned from the Capitol the family gathered in the Oval Room, where House showed Wilson a clipping from some paper, and said to Wilson he was like Mazzini. "I could see the President was relieved that the

[1] "The Intimate Papers of Colonel House." Arranged as a narrative by Charles Seymour. Vol. I. Behind the Political Curtain, 1912–1915. Vol. II. From Neutrality to War, 1915–1917. Boston: Houghton Mifflin Company, 1926.

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tension was over and the die cast. I knew this would happen."

Even if the two men had not had such different temperaments, they would have felt differently on that fateful day. To Wilson the declaration of war was the tragic failure of his own hopes; to House it was a step to which he was thoroughly adjusted for he had long regarded war as probable, as necessary, and as a great opportunity. Wilson hated the decision with all his soul; for about two weeks he fought the matter out in his own mind, absolutely alone. As late as the day before he went to Congress he told Frank Cobb of his horror and cried out to him: "If there is any alternative, for God's sake, let's take it." House, on the other hand, was not beset by these doubts. He remained in New York during Wilson's agony, and did not go to Washington till the decision was made. He found when Wilson showed him the text of the message that "no address he has yet made pleases me more than this one."

Although they were associated so closely, it is evident that these two men felt very differently about the war. Wilson, in spite of the complexity of his character and his mind, was moved by the old American feeling that America is a new land which must not be entangled with Europe. The sympathy of his mind was pro-Allies though chastened by a certain irony about their moral pretensions, a suspicion of their motives, and a conviction that unfortunately they too were mad; in this period his heart was always neutral and non-European. His real judgment he expressed several times, to the horror not only of the Allied spokesmen but of Colonel House; it was that the war arose out of obscure causes that were hatched in a sinister system and a tortuous diplomacy. Wilson never accepted the official propaganda even when it blew the hottest; he never respected it, and could hardly bear to listen to it. What he wanted above all things was to keep out of the hideous mess. House on the other hand was much too practical a politician to permit himself to stray into such a wilderness of unusable truth, even if he had not really wanted the Allies to win. House wanted those very things to which Wilson ultimately gave his official consent and about half his soul's desire. He did not share Wilson's reluctance and foreboding, and he appears in these volumes, perhaps a little more consistently than he was in fact, as the protagonist of what might be called the British liberal imperialist view as against the instinctive American isolationist view of Woodrow Wilson.

Unfortunately this record does not contain Wilson's side of the

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correspondence with House, nor of course any account of Wilson's feelings about their relationship. It is like listening to one side of a broken conversation on the telephone, and not quite even that, for the record we have is what House put down and Mr. Seymour selected. It is plain to me, however, from House's letters that he did not press very hard on their differences, and that their association was friendly but careful. There are hints occasionally which lead one to think that Wilson would not have tolerated urgency from House or from anyone else. Thus in these papers Mr. Seymour gives great weight to a letter written by House to Wilson on July 19, 1915, in which he says: "If war comes with Germany, it will be because of our unpreparedness and her belief that we are more or less impotent to do her harm." But there is no evidence that House ever made an issue of this crucial matter, nor that he gave it the emphasis at the time which Mr. Seymour gives it by quoting the sentence at the head of Chapter I of the second volume.

I am inclined to believe, therefore, that although this was the closest political friendship of Woodrow Wilson's life, it was a friendship at some distance and always of a certain fragility. Wilson told House more than he told his Cabinet, and certainly no other adviser in this period had so much of his confidence. But there were reservations, and there does not seem ever to have been the intimacy of two friends who can say anything to each other without misunderstanding. The letters are friendly, but they are the letters of one statesman to another. They leave me feeling that House had to consider carefully how he would approach Wilson.

House had a more coherent, even if it was a simpler view of the war and of the part he wished Wilson to play; he was not tormented by Wilson's hatred of war, by his dreadful sense that victory is a snare, by his desire to wrench himself free from the encompassing of a tragic fate. House was business-like about the business at hand, and did not look long into the bottomless pit; thought and feeling and the action he recommended were worldly and of a piece. But in Wilson there was an unworldliness of pity and doubt and high contempt that prevented him from agreeing wholly with much that circumstances forced him to do. The figure of Wilson is dim in these pages, but here and there we catch a glimpse of him as he struggles very much alone against the advancing chaos. Now and then the real future is illuminated for him by a flash of insight. But these prophecies only cause him

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anguish, for they show him how different is the path he is compelled to take from that which he thinks he ought to take.

II

Colonel House served the President in many different rôles, as friend, adviser, scout, observer, secret agent, political manipulator, negotiator, and sifter of information and opinion. But his main task was to accommodate the personal attitude of Wilson to the exigencies of the war. For Wilson stood aloof not only from its detail but from the official premises and official criteria of his time. He wished to keep the country out of the war. For that reason he wished to end the war. He did not wish to fight in order merely to vindicate that part of our neutral rights which Germany was violating. If he had to fight, he wished to justify war by some objective which was greater than the war aims of the Allies. The aloofness of Wilson from the pressure of those who usually surround the head of a state helped him to his uncanny understanding of what the mass of American people really believed about the war. It is no wonder they reëlected him in 1916 in the belief that he had kept the country out of the war in Europe, nor that they elected the Republicans in 1920 because they promised to keep the country out of Europe and another war in Europe. In the period of neutrality Wilson saw more clearly than any living man what the country really wanted. He was in sympathy with the country. He was very much alone, and yet his intuitions were those of the mass of unseen and non-vocal Americans, once you looked below the views which were acquired and imposed by German frightfulness and Allied propaganda and the personal and social connections of the upper classes on the Eastern seaboard.

Colonel House, too, had a certain initial American suspicion of Europe but he was a much more sociable man than Wilson, and he was at once more trustful of, and more sensitive to, the upper officialized opinion. He became in a sense the honest broker between Wilson, who longed for peace without entanglement, and the people on both sides of the Atlantic who had set themselves to draw the United States into the war. The formula which House evolved first during his negotiations with Grey in London early in 1916 became later the Wilson policy of a war to found a League of Nations; it was at bottom a compromise formula to satisfy both Wilson's instincts and the demands of the pro-Allies. House proposed to buy the assent of the Allies to a conference to end the

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war by offering to enter the war on the side of the Allies if Germany refused the conference or insisted upon a victorious peace. As I read the record, Wilson never fully agreed to this proposal insofar as it involved a promise to enter the war. But he did take from it the principle that American influence should be used as a makeweight against aggression and a stabilizer of peace. Thus it came about that when he entered the war, he did not think of himself as primarily engaged in a war against Germany on the side of the Allies. He thought he was using the force of the United States to tame Germany and to restrain the Allies in order that there might be established a permanent conference to prevent war.

In these volumes we see the origins of what came to be known as the Wilson policy. We can see how the President began to formulate an ideal future as the pressure of events forced him into a course of action which he detested. And in it all Colonel House appears as the man who suggested to Wilson how he could do, in a way which nearly satisfied his conscience, what immeasurably great events were compelling him against his will to do. A psychologist might say that House supplied Wilson with the rationalizations by means of which Wilson was able to bow to a destiny that was overbearing him, and even ultimately to sow the seed of a triumph that may make him immortal.

III

The machinery by which Colonel House kept in touch with the war was so simple that it might be called primitive. He had direct contact with Grey at the British Foreign Office and with Bernstorff. He had only a casual contact with the French Government or with the Italian or the Russian. He had access, of course, to what the State Department could learn about the war, but that was admittedly not much from the point of view of high politics. He had a useful and illuminating correspondence with Gerard at Berlin, and much less illuminating correspondence with other American Ambassadors. He went to England, Germany and France several times and had interviews with the leading statesmen. But when all is said and done, it was with the British alone, and then only with a certain section of the British, and with this section not in fullest confidence, that he had a continuous discussion.

With Grey at the British Foreign Office he used a secret code; he had the closest personal contact with the head of the British

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Secret Service in America, and by this means a channel of communication was opened which passed by the British Embassy in Washington, the State Department, and the American Embassy in London. He had no comparable relations with any of the other Allies, and with the Germans he had only a friendly but cautious contact with Bernstorff, who was himself considerably an outsider in the conduct of foreign policy. His friendships in Britain were with men like Grey, Bryce, Plunkett, and to a certain extent Balfour, but there is no evidence that they told him all they knew, or all that he had under the circumstances perhaps a fair right to know. And it is plain that the imperial statesmen like Curzon, and Lloyd George himself, and Milner, and the permanent but dominating Foreign Office, were outside the orbit of House, and quite content to leave the persuasion of Wilson and House to those British liberals who most nearly talked the language that Americans understand.

The objective proof of this is to be found in the fact that although House negotiated with Grey in 1916, making a tentative offer to enter the war on the side of the Allies, Grey never explained to House that the Allies were bound to each other by a series of secret treaties that made acceptance of Wilson's conditions impossible. Grey's letter to House explaining his moral scruples about considering the offer is one of the least informing documents that anyone could have written under the circumstances. There is no doubt that the negotiations of 1916 were conducted in the dark and that neither Wilson nor House seems to have known fully the inner diplomatic history of those days. Mr. Seymour in a footnote (Vol. 1, p. 443) states that Mr. Balfour explained the details of the Italian Treaty to President Wilson on April 30, 1917. That was rather late in the day. Nobody explained that treaty or any other to House when he was in London discussing so important a matter as the entrance of the United States into the war. It is impossible, therefore, to feel that even so able a man as House, with so great a gift as his for friendships, is even a partially adequate substitute for an effective diplomatic service.

IV

The secret negotiations of February, 1916, were the most important diplomatic effort that House undertook in the period covered by these volumes. The conclusions of a conference on February 14 were embodied in a memorandum written by Sir

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Edward Grey which is dated February 22. The substance of the proposal as made by House is as follows:

> Colonel House told me that President Wilson was ready, on hearing from France and England that the moment was opportune, to propose that a conference should be summoned to put an end to the war. Should the Allies accept this proposal and should Germany refuse it, the United States would enter the war against Germany.
>
> Colonel House expressed the opinion that, if such a conference met, it would secure peace on terms not unfavorable to the Allies; and if it failed to secure peace, the United States would leave the conference as a belligerent on the side of the Allies, if Germany was unreasonable. . . .

That is the way the proposal read when House left London. On March 6, he arrived in Washington and went over the memorandum with President Wilson. Two days later, on March 8, Wilson wrote a telegram to Grey for House to sign which read as follows:

> I reported to the President the general conclusions of our conference of the 14th of February, and in the light of those conclusions he authorizes me to say that, so far as he can speak for the future actions of the United States, he agrees to the memorandum with which you have furnished me, with only this correction: that the word "probably" be added after the word "would" and before the word "leave" in line number nine.

Thus, after Wilson had amended it, the proposal read that "the United States would *probably* enter the war against Germany", and not that "the United States would enter the war against Germany"; that "the United States would *probably* leave the conference as a belligerent" and not that "the United States would leave it as a belligerent." In a footnote to the account of this incident (Vol. II, p. 201) Mr. Seymour says that

> "the value of the offer was in no way lessened by the use of the word 'probably', which was a conventional covering expression common in diplomatic documents. Since the power to declare war resides in Congress and since the President shares with the Senate the control of foreign policy, it would have been impossible for Wilson to give a categorical guaranty of the future actions of the United States. As a matter of practice, however, the President can determine the question of peace and war, and the expression of his intention appears here in the strongest permissible form."

It is hard for me to believe that the British Foreign Office in 1916 interpreted the insertion of the word "probably" as Mr. Seymour interprets it in 1925. Assuming that British statesmen understood the subtleties of our constitutional system, it seems to

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me that they must nevertheless have regarded the President's use of the word "probably" as a reservation on the President's own action as well as on that of Congress. The President did not say categorically: "I will recommend to Congress that the United States enter the war," as he might have done if that was what he was intending to do. The use of the word "probably" reserved liberty of action for Wilson, and so the Allies must have understood it. It must be remembered that at the very time these secret negotiations were in progress, the President was being reviled in the pro-Allied press of America and Europe as pro-German, pacifist and spineless; and that just before House talked to Grey, the State Department accepted publicly, though temporarily, the German position on the arming of merchant vessels. I do not see how it is possible to suppose that the Allies took the word "probably" as a "conventional covering expression," and not as a weasel word which radically altered the sense of the House proposal.

Once you reject Mr. Seymour's explanation and take the Wilson amendment as meaning what it appears to say, you arrive at this result: *House* proposed a conference which would either obtain moderate terms for the Allies or American assistance in the war; *Wilson*, on the other hand, proposed a conference to end the war with no commitment even of himself to try to enter the war if the conference failed. I don't believe that House and Wilson clearly understood each other here, and that in this incident we can see that in spite of their apparent agreement they started from different premises about the war, and that their minds worked differently as to the American objective. It is necessary to add that there is every reason to think that the Allies had a truer realization of Wilson's attitude than House who, in the stress of working for a great plan, did not distinguish sharply between what he hoped would happen and what President Wilson wished to have happen.

If Mr. Seymour's interpretation were correct the incident would be a crucial one in the history of the war and in the history of American politics. As yet we have only two versions, that of Colonel House, and the gracious but highly officialized account in Lord Grey's "Twenty-Five Years." (Vol. II, p. 126 *et seq.*) We do not know Wilson's version, and we do not know what the Allied statesmen thought of it all. We do know enough to be wary of Mr. Seymour's definite verdict that "House had shown them

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how, by merely raising a beckoning hand, they might have the assurance either of a peace of justice or a victory won with American assistance." (Vol. II, p. 203.) The implied charge against the Allied statesmen is a very grave one, and no doubt in the course of time they will answer it.

If Mr. Seymour were right, the matter would be no less grave from the point of view of America. For he insists that a President of the United States offered in secret to commit this country to enter a war in order to achieve a certain diplomatic settlement in Europe. For myself I do not believe that there is any evidence that Woodrow Wilson did anything of the kind, and I am personally convinced that the incident is much simpler to interpret than Mr. Seymour's version implies. I give my own interpretation for what it is worth, recalling again that we do not know the whole story. I think Wilson wished above all to avoid war. I think he would have been willing to have almost any peace in Europe if he could keep America out of war. I think he saw that if once he could induce the belligerents to begin talking that they never could resume fighting. He was willing to try any device, including the House negotiations, that might bring on a conference, *provided* it did not commit him to entering the war. And I think that is exactly the sense in which the Allies understood it, and that is exactly why they ignored it. They had no promise from Wilson that really counted. And in a conference at that time their divergence of aim would have come to the surface, the secret treaties would have seriously damaged their moral standing, and the coalition might have broken up. Finally and above all they knew that if they maintained their blockade, Germany would either starve or resume submarine warfare. If Germany starved, Wilson's restraining influence would be avoided in the peace conference; if Germany resumed warfare, Wilson would be driven to enter the war without conditions.

If this interpretation is correct, the negotiations were a failure not because the Allies were too stupid to seize a great opportunity, as Mr. Seymour suggests, or too high-minded, as Lord Grey suggests. The negotiations failed because Wilson had nothing to negotiate with: he would promise nothing and he would threaten nothing. He would not promise to go to war with Germany and he would not threaten to enforce American rights against the Allies. The offer inspired neither hope nor fear. And when empires are at war it is not possible to deflect them with insubstantial proposals.

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v

And yet out of these same negotiations grew that advocacy of a League of Nations which may yet cause Woodrow Wilson to be numbered among the great benefactors of mankind. As Wilson understood the House-Grey negotiations they were an attempt to provoke a conference, end the war, and thus extricate the United States from an otherwise insoluble difficulty. The failure of these negotiations seems to have made clear to Wilson that the United States was caught in circumstances which allowed it no escape from the fate of the rest of the world. During the spring which followed the winter's failure he seems finally to have concluded that neutrality was untenable for the United States in a great war, and that the philosophy of isolation would have to be revised. He still fought against the practical consequences and hoped that he might avoid participation in this war. But he realized that as the world grew more and more interdependent no succeeding President would be able to maintain neutrality even as long as he had.

It was with a foreboding that even he might not be able to escape that he publicly espoused the idea of a League of Nations in his great speech of May 27, 1916. He had then come to the conclusion that if he was forced into the war all he could hope to obtain as compensation for such immeasurable evil was an organized peace. Wilson was determined not to fight a war merely for American neutral rights as against the submarine. For he realized that those rights could not be vindicated by war, and the event has fully borne him out. The treaty of peace does not in any way mention the rights of neutrals against submarines and the submarine today is exactly the same instrument of frightfulness as it was in 1917. When the victory was won and peace was made, the victorious Allies did not trouble even to pass a resolution against submarines. Wilson felt that to enter the war merely for the sake of our rights would not be worth the suffering and the cost.

He set himself, therefore, the noble task of establishing some permanent benefit as the objective in case the United States were forced into the war. It was in that way, if I read the record rightly, that he turned to the League of Nations. Other men before him had advocated the idea. The greatness of Wilson lay in his prophetic understanding that this was the one good he might be able to promote and defend in the face of the oncoming disaster. It was

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the one compensation, it was the one reasonable ideal, it was the one moral justification, it was the one balm to his conscience for the plunging of a great people into the red madness of Europe.

If Wilson had prepared for the ordeal of war in practice as he prepared for it in principle, his claim to supreme greatness among statesmen would not be open to dispute. But the record of these memoirs shows that he and House up to 1917 were dependent for their knowledge of the war largely upon what belligerent statesmen chose to tell them. They had no secret service and no diplomatic service which could inform them either as to the secret engagements or the secret purposes of the European governments. And they never learned before the declaration of war that there were in existence solemn and binding agreements which were bound in large measure to prevent the making of such a just and conciliatory settlement as they needed for the foundation of a successful League of Nations. Therefore, they missed the golden opportunity of exacting pledges from the Allies for an American peace. The Allies had to buy the help of Rumania and of Italy. But they got American help for nothing, and by that disastrous oversight the whole grand purpose of Wilson was almost wrecked at Paris.

VI

The fame of House will depend of course upon the fame of Wilson, just as Wilson's fame will depend upon the success of the League of Nations. House, it seems to me, is bound to share in whatever fame Wilson finally achieves, for it is evident even from the scanty records available that he helped more than any other man, and that he helped decisively, to commit Wilson to the cause of the League. It seems to me of slight consequence whether or not the fulsome judgments of his biographer are accepted by posterity. Even the claims of the biographer which are bound to embarrass the Colonel's friends are of little permanent importance.

Time, and a sense of reality, and a fuller knowledge, will change the perspective in which these letters and diaries are set, and there will emerge, I feel sure, in place of the picture of a man who directed destiny, the picture of a man who stood faithfully at Wilson's side against a destiny that overwhelmed them both, but in that vain and often blind resistance did help to kindle a light for the generations to come.

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WAR LOANS OR SUBSIDIES

By Edwin F. Gay

A CENTURY before the World War began, another world-wide war was drawing to its close. In the twenty-three years of European struggle, broken only by two short intervals of armed peace, which ended in 1815, the expenditure of national energies and resources was relatively as great as the waste we have recently witnessed, if not greater; and the exhaustion of the combatants, as testified by the subsequent economic distress and the protracted recovery, paralleled the present European situation. National hatreds had been as deeply aroused. But when the peace was made, even though the victors, after the Hundred Days, were demanding more security than they had thought necessary in 1814, the parallel ceases to be so close. Perhaps the lust for vengeance had been more fully sated. The decisive series of events, the victory of the allied arms at Waterloo, the march on Paris, and the chaining of the colossus at St. Helena, gave a dramatic and satisfying fulfillment to the war aims.

At any rate, as compared with the Treaty of Versailles, the terms imposed in November, 1815, upon France, the prostrate enemy, were surprisingly considerate. There was no such stupidity committed as to extort a confession of war guilt; the territorial conquests of France were taken from her, but she was left her boundaries of 1790. The preamble of the Peace Treaty stated that "the indemnity due to the Allied Powers could not be either entirely territorial or entirely pecuniary without prejudice to France in the one or the other of her essential interests." The indemnity was fixed at 700 million livres, equivalent to about 28 million pounds sterling, to be paid over five years, and until payment was completed France was to maintain the 150,000 men of the allied army of occupation. Castlereagh in 1816 estimated that the total of indemnities and military expenses payable by France would amount to about 80 million pounds sterling. But this sum was cut down, because the period of occupation, and hence of occupation charges, were curtailed by agreement when France in 1818 had completed the indemnity payments, and had also settled the further claims against her by an inscription of *rentes* totalling 24 million francs. The speed shown by France in

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making a full settlement seemed to justify Castlereagh's earnest conviction, as expressed in his great Treaty speech to the House of Commons on February 19, 1816, that the charges imposed on France were moderate and fairly adjusted to her capacity to pay without undue strain. He was satisfied, he said, that "no arrangement could be wise that carried ruin to one of the countries between which it was concluded."

A few days after Castlereagh's speech, on March 1, 1816, the critics of the upper chamber attacked the Premier, the Earl of Liverpool, for the Government's "expensive and disinterested generosity" in regard to the debts owing to England from its allies. Lord Holland urged consideration for the English taxpayers who had borne a burden of taxes unparalleled in history. Are they to have no relief, he asked, "while the other countries which they had rescued by their [English] blood and treasure were not even to pay their just debts, because, forsooth, they were unwilling, or said they were unable, though their resources had so greatly increased?" Lord Liverpool explained in regard to the chief item, the Imperial loans of £6,200,000 to Austria contracted in 1795 and 1797, that conditions following 1797, the date of Austria's last interest payment, had made it impossible to ask her for repayment. Instead, in 1803, 1809 and 1813 England had advanced subsidies to Austria. "A loan," he added, "was then out of the question, and . . . it became a maxim with every administration, after the experience of the Austrian loan, not to engage in any transaction of that kind." It should be remembered, he urged, how much Austria had suffered in the cause of Europe. As for the next largest obligation, the Dutch loan to Russia guaranteed by England, amounting to a little over two million pounds sterling, the English Government in 1815 had taken over half of the debt, and under the circumstances he thought it unwise "to stir the question". "He admitted," the Parliamentary report continues, "that the principle was not one which ought to be encouraged; but what he maintained was this, that, under the special circumstances in which this country had acted, the pecuniary sacrifices to which we had submitted were justified by the soundest views of prudence and expedience."

The Austrian debt, with accumulated interest, totalling £15,600,000, was liquidated finally in 1824, when Austria, although she evidently regarded this political obligation as not a debt justly due, settled by a payment of £2,200,000. A loan to

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Portugal of £600,000, floated in England in 1809 with government guarantee, was remitted in 1815. The only remaining loans, the comparatively small items of £200,000 to the House of Orange in 1813, and £200,000 to the French Bourbons in 1814, were repaid. England had aided her allies, not by loans, but by grants of many subsidies. According to the careful archive studies made by Dr. Silberling, the total sum of bills drawn and bills and specie remitted for British subsidies and loans abroad, from 1793 to 1816, was £61.3 millions, of which at least £53 millions represented subsidy payments.

Whatever may have been the considerations which led successive British governments during a long and exhausting war to assist the European allies by direct grants rather than by loans, whether it was a recognition that the continental armies were bearing the heavier brunt of the fighting on land, while England held the sea, or that she as the richest was best able to take her share in thus contributing to the common cause, or that as leader in the coalition against Napoleon she felt bound to finance the continued effort, the fact remains that subsidies, not loans, had been adopted by England as a settled policy, that while her allies shed blood in the common effort she furnished her share of the treasure. At the end of the struggle, for all practical purposes, England wiped the slate clean. Even her modest share of the French indemnity was spent abroad, distributed as prize-money to her troops in Paris, or contributed to the building of fortifications in Holland. Beset with difficulties of the gravest character at home, with taxes at an unprecedented height, with such serious financial complications that Ricardo was supporting a demand for a capital levy, with agriculture in distress and industry languishing, with an army of unemployed, and with riots in her manufacturing towns, England, nevertheless, showed expedient moderation toward France and prudent forbearance toward her allies. She left the Continent unhampered to undertake its necessary economic reorganization. Her action was not quixotic; it was not merely the "gentlemanly tradition" of government. The "new doctrine of disinterestedness" with which Lord Liverpool was taunted, was calm and far-sighted statesmanship. That it was so felt at the time even by the critics of the government may be the inference from the fact that no division was taken after the debate in the House of Lords. The country had supported the governmental policy.

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Historical parallels must not be pushed too far, and doubtless some differences may be pointed out between England's position in relation to the Europe of the Napoleonic war period and that of the United States toward the Europe of the last great war. But on the matter of the war debts it is probable that the historian of the future will judge that the English chose a wiser course a century ago than that which the United States is now pursuing. Comparing the relative attitudes of the two countries toward somewhat similar crises, and watching the consequences unfold from the divergent decisions, the future historian, while making all necessary allowances for a country immature in international relationships, may regret that this particular lesson of history was not studied and followed. He will not forget the perhaps humanly inevitable stumbling of all the war-worn countries, though he will note that in the matter of debt remission England has again shown her genius for moderation by proposing that all the war debts be written off as war expense. But in the case of the United States he may go so far as to say that whether from motives of partisan politics, accentuated by the after-war reaction, or from callous indifference, or from sheer ignorance, a policy was followed, from 1920 to perhaps 1930, which was difficult to explain or commend. Not the least of her errors, endangering her political and economic future, was the insistence upon the substantial repayment of the war debts from her former associates in the war; or perhaps the initial failure of political judgment in granting aid during the war by loans rather than by subsidies.

Our future historian must very likely begin by inquiring why the United States went into the war; and after dispassionate appraisal of the evidence he will reject the idea that by specious propaganda she was misled into entering. The examination of this question is essential, for he will discover in his researches the belief, hinted or stated during the post-war period, that the United States felt free to withdraw from a war which was not her own. He will find, for instance, in a devoted Republican newspaper the assertion that "the war was primarily Europe's war, but we have been paying for much of Europe's share of its costs, as well as for our own . . . we asked nothing out of the war and we got nothing." His conclusion must be to the contrary. With comprehensible reluctance, the United States soberly decided that she must throw her immense weight into the

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struggle because her own vital interests were concerned and her ideals imperilled. She had watched the conflict at her door for two and a half years, but had taken no step toward military preparedness, except the equipment of some of her industries, at great advantage to herself, for the supply of the combatants. But, although a thrice unsuccessful candidate for the presidency declared that the United States could raise a million soldiers overnight, she could not get them trained, equipped and armed, and transported to the scene of conflict for over a year after the solemn declaration of war. The war had become an American war, but it was being fought alone by the sacrifice of European lives. In this tragic interval all that the United States could furnish was a portion of her abundant wealth. While waiting for troops, she could mobilize her fields and factories to supply with food, clothing and munitions the European nations, now her associates in a common cause, who had come literally and pitiably to the end of their borrowing capacity. The Secretary of the Treasury, Mr. McAdoo, was perhaps justified in telling them, rather brutally, that the United States had no intention of carrying the whole burden of the war, and in insisting that there be established Inter-Ally control organizations. The European allies were also within the limits of truth and courtesy in explaining that the greatest burden had already been borne and would continue to be borne by them, and that they would welcome American help and participation in Inter-Allied controls. In default of such controls or until they were established, to assure the proper allotment of war supplies, they would be obliged to borrow the money from the United States Government to pay for the necessary goods grown and made in the United States.

And so it came about that French, English and Italians fought and died, while the United States set about the business of learning to make war. Meanwhile Congress voted huge sums, for a part of which the Europeans gave their notes and spent the proceeds in the United States to feed and arm their soldiers at the front and to supply their strictly rationed civilians. Even after the desired control organizations were operating, the American Government was slow in giving them cordial support, and when it had the machinery available for proper allocation, it did not cease demanding notes for its contribution to the common war.

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The Allies, it was later declared, gave "solemn" promise of repayment. But it is difficult to find in the historical record any evidence that the alternative policy of subsidies was at this time given any serious consideration. It could not very well be pressed by the nations who were asking for help; and the United States Government, if in the then existing welter of affairs it had weighed the matter at all, may have decided that for the time being the responsibility of borrowing would automatically act as a controlling force on too reckless a draft upon American resources. But when Congress voted to establish credit for the Allies "for the purpose of more effectually providing for the national security and defense and prosecuting the war," some of the legislators expressed the hope that the loans would not be repaid. And if the country could have known more fully the desperate straits to which the Allies in 1917 and early 1918 were reduced; if there had been in that contemporary surge of American helpfulness any discussion of the present and future bearing of the two policies, the decision might well have been for subsidies, the expenditure of which should be controlled by the kind of governmental organizations which were in fact later set up. In 1816, the critics of the English Government recalled the "solemn promises" of repayment made by Austria in 1795, but the answer was in effect that in war, money obligations must be subservient to urgent national needs. So in the war crisis of 1917 anything that could stop the breach in the dykes was hastily snatched at, and there was no discussion as to alternatives. With the flood breaking through and the country in danger, no one stopped to think of the precise form and effects of the future settlement. Certainly no one then considered the loans as ordinary commercial transactions. If reflection had been possible and if prompt controls had been established, it is conceivable that the country would have grimly rejected any dickering about the "sanctity of contracts." At that juncture the United States might have decided, if the case had been presented, that in any event the munitions and supplies, so imperatively needed, be sent unconditionally to support the Allies and to dishearten the enemies. Secretary McAdoo, in his report of 1919, said: "The service of these loans in assisting to hold the battlefronts of Europe, until the might of our heroic army could be felt effectively, made possible, beyond the shadow of a doubt, the ending of the war in the fall of 1918. Without this aid to the Allied Governments the war unques-

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tionably would have been prolonged, if not lost, with the resultant great additional cost in life and treasure." To avoid this certain danger, seen during the war but only dimly remembered afterward, who can doubt that the American people would have willingly given outright, if it had realized the millstone which its loans were later to hang about the necks of the friends then fighting its battle.

Our historian, describing the post-war attitude toward the war debts, which had been so almost casually incurred to meet the greatest of emergencies, may express some surprise at the crystallization of national policy, despite some contemporary protests, in favor of pressure for repayment. But he will note in 1924 and 1925 some recrudescent criticism of this policy. In August, 1924, the former Commander of the American forces in France, General Pershing, declared that if it had not been for the Allies "who held the line fifteen months after we entered, it might well have been lost." Indeed, in March, 1918, that line was nigh to breaking. With evident consciousness of the weight of his words, General Pershing went on to say: "We were responsible for their having to hold the line, and we advanced the money which made it possible for them to hold it. But I believe part of that expense should now be borne by the United States."

A number of other evidences will be available to the historian, which indicate at this time a certain reawakening sensitiveness of the American conscience on the score of the debt payments. Very few, he will note, raised their voices for complete cancellation; that was regarded as too "unpopular;" it might even, so it was alleged without adequate proof, conduce to lightness in making war. More were advocating some reasonable compromise. Mr. Piez, the President of the Illinois Manufacturers' Association, in October, 1925, addressed a mild remonstrance to Senator Borah in regard to the French debt, and suggested the unwisdom of collecting "from Europe for nearly a third of a century, after we have paid off our own debt, large sums of money, not on account of the principal, but on account of the interest on the money we advanced." He pointed out that "France borrowed from us approximately $3,300,000,000 and offered us in settlement $6,220,000,000," and asked, "Were we fair in rejecting the French terms?" But this modest inquiry called forth from Senator Borah an appeal to taxpayers against "cancellation," although Mr. Piez had expressly disavowed so

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extreme a measure, and an assertion concerning the undue military expenditures and the great prosperity of the French, an argument which a well-informed book by Moulton and Lewis on "The French Debt Problem" was at the same time demonstrating as baseless. Another spokesman from Chicago, Mr. Rufus C. Dawes, President of the Chicago Association of Commerce, after Senator Borah's blast (which Dawes apparently refers to as the utterance of "a rash and unsafe adviser"), used a banker's language when he said: "Bankers might resent a debtor requesting cancellation of a debt. But a banker would be the last to suggest that there could be anything immoral in forgiving or abating a debt. They do it themselves all the time." And he reminds one of Castlereagh on the French indemnity when he concluded: "We ought to be willing to accept such a portion of the amount France owes us as the financial judgment of the world would approve as being within the ability of France to pay without too great strain."

We must pass over what our historian will have to say in regard to the foreign reactions of the American debt policy. He traces the fluctuations of European feeling, its increasing bitterness toward the United States, and he points out the growing realization on the part of those responsible for American foreign policy that it might not be desirable further to exacerbate the dislike which inevitably attaches to a creditor nation. He goes on to say that a consideration of an economic order, bearing on the expediency of the debt policy, was beginning to be more clearly perceived by the great class of business-men who dominated American life. As the debt settlements proceeded, the Debt Commission on one ground or another made somewhat bolder reductions. It became apparent that in the end the debts payable to the United States would be made about equal to the reparations payments undertaken by Germany to the debtors of the United States. France, England and Italy would become merely the chief conduits for the transfer from Germany to the United States of approximately $600,000,000 a year. It was seen that the American policy would leave France with practically no payments from Germany applicable to replace in part the great sum France had expended to repair the war ravages inflicted by Germany, literally on the soil as well as on the homes and industry of France. About the same time it was more fully realized that the insistence on debt payments would not only be damaging to

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France, already in the greatest financial difficulties largely because of her own efforts for restoration, but was likely to be an economic over-stimulus to Germany. This was perhaps what Mr. Dawes had in mind when he said that "the statesmen of the world must, in making their international settlements, take into consideration such things as . . . the effect of such payments upon the international competition of the future."

In the Dawes Plan, Americans had been prime movers (the Mr. Dawes above referred to had acted as adviser to the Commission of which his brother, Gen. Dawes, had been chairman), and in the success of its operation Americans had displayed a keen interest. This plan had removed a large part of the problem of Germany's "capacity to pay" out of the quagmire of politics and on to the firmer ground of practical experiment. The inauguration of the plan had been fortunate, for its success, in its time, with Germany at the nadir following her currency inflation, and with the French occupation of the Ruhr manifestly a failure. But it was a great service to have seized the propitious time, to have done the right things, and to have left undone those which only the future could determine. There had been doubt at first whether Germany could pay annually the sum determined upon. Soon, however, even the recalcitrant Germans acknowledged that this payment could be made. Then there emerged further serious doubt, even among those closest to the actual working of the plan, whether, once paid into the Reichsbank, these sums could regularly be transferred abroad by the Transfer Committee. There were limits to the possibilities of payments in kind or of what were known as "assisted schemes," upon which the English economist, Sir Josiah Stamp, had placed his chief, though somewhat doubting, dependence. There were limits also to long continued commercial loans, mainly from the United States to Germany; indeed, with the restoration of German earning power, it appeared probable that Germany would in a decade cease to figure as a borrower in the net international account. Even if by the steady pressure, exerted through the operations of the Transfer Committee on the market for bills of exchange, there should be created that predicted difference in price levels, lower in Germany and thus facilitating her exports, and appreciably higher in the United States, encouraging imports, there might still be thrown up new limiting barriers in the form of hostile tariffs. Such were some of the anticipated difficulties. But it was then apprehended

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that the United States would be impaled upon the horns of a dilemma. If these German payments could not be transferred, what would happen, it was asked, to the French debt payments to the United States? If France should receive little from Germany, what practically would become of those vehement American declarations that debt payments had no relation to reparation payments? And if, by perhaps 1927 or 1928, the French budget and currency had been balanced and stabilized with great sacrifices, followed by the anticipated but wholesome business depression, would the United States insist on the "sanctity of contracts," and plunge France into new disaster, while Germany went scot-free?

The other horn of the dilemma, our annalist proceeds to show, was equally repugnant to American contemplation. If German payments should be transferred, successfully and continuously, even though they should be transmitted through France and England without any immediately perceptible shock to American economic life, the ultimate intensification of international competition was becoming distinctly visible, both to Americans and to Germans. The German outcry, protesting that such transfers could never be made, and if they were Germany would be ruined, became noticeably less audible by the close of 1925. And in its stead were heard urgent exhortations from German leaders to standardize and speed up production, to concentrate on the more efficient firms, to introduce labor-saving devices in order to cut costs to the lowest point. There were hardly concealed German exultations over their coming dominance in foreign markets. The report of the Reichs Kredit Gesellschaft on the economic situation, issued at the beginning of 1926, declared confidently: "Germany will be compelled by the transfer of Reparation payments to develop her foreign trade relations beyond their previous extent. . . . We therefore repeat that Germany is only beginning to take a more important share in the trade of the world. . . . The standard for the future development of German business is not the closing down of undertakings but rather progress by increasing the output of labor and extending the available markets." Germany's resolute turn-about and her hopefulness of great future expansion, despite temporary discouragements, was the outstanding feature of European economic history in 1925.

With this reawakened energy and with Germany's great

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organizing ability, the effect of the constantly pressing incentive of reparation payments, it was seen, would be not merely outward flowing goods and services and the resulting growth of her export industries and her shipping, but the reëstablishment the world over on a greater scale of German credit and trade organizations. Her export houses, spreading over the globe, would seek more lustily than ever before every nook and cranny for the tendrils of new trade. With determined and relentless paying of her war indemnity, Germany, it was obvious, would gain far more than she had lost in the war. Healthful and stimulating in the long run as business competition may be, the question was forcing itself upon American attention in 1926 whether it was really worth while to give a German competition, already naturally vigorous, the additional forced stimulation of the low home prices resulting from the heavy international payments. Also it was asked, at just the time when America was reaching a position where increased export trade was essential for her surplus industrial production, what would be the utility of making to Germany a gift of domination in those competitive foreign markets? Not only the leading American business men but even the humbler taxpayers were coming into agreement with Mr. Mellon, the Secretary of the Treasury, when he said: "The entire foreign debt is not worth as much to the American people in dollars and cents as a prosperous Europe as a customer." In short, it was realized that insistence on the debt payments was to produce maladjustments which more than offset any supposed benefits they could yield.

Whatever the event, therefore, whether history was to show German payments blocked in transfer or successfully issuing forth in a stream of goods and services, the examination of the alternatives should by 1926 and 1927 be influencing American public opinion toward a new course of marked leniency in regard to the debt payments. A general readjustment would then be accepted as necessary. Our historian, we suspect, will be recording the successive steps of this change of view and its translation into action. There might be an international commission operating like the agencies set up by the Dawes Plan, to explore the practicably possible and to do the expedient minimum. The great reduction of debts by mutual consent might very possibly accompany arms reductions — a desirable combination, especially if the United States should see its way to bring something

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besides moral influence to the disarmament conferences. In any case, however translated into practice, there would be a general recognition of the fundamental fact that war debts are a part of the waste of war, like the spent shells and barbed wire for which they paid, and must not encumber the fertile fields of peace. The pages of our history will recount the various phases of this readjustment as occurring toward and about 1930. Germany, we may learn in passing, would obtain a much needed determination of her total obligation, and her payments, put within her demonstrated ability to pay and transfer, would be applied where they rightfully belong — in assisting France, if France felt that she could afford to accept them, in extricating herself from the burden of restoration.

Let our historian paint at the end of his chapter, to relieve his tale of mischievous prejudices and uncharitableness between nations, some picture of human kindness — of England, for instance, using the largely remitted American debt payment to irrigate Mesopotamia, or better still, to revive that dream of making "a land fit for heroes to live in," — of prosperous America outgrowing her foolish fears of foreign guile and coöperating generously with her neighbors. And forgive him if he repeats sententiously the sound lesson of Lord Liverpool's "prudence and expedience:" *In case of war, if you can give at all, give and do not lend.*

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THE ARAB WORLD TODAY

By David G. Hogarth

THE Arab world is the world that speaks Arabic. Language is its one satisfactory test, and a much better one than the territorial. It is true that a continuous and fairly well defined area of the earth's surface contains all the Arabic-speaking peoples (except voluntary exiles living in Java, America, East Africa and other foreign regions); but the same area includes too many speakers of other tongues — of Turkish, for example, or Kurdish or Armenian or Hebrew or Berber or some European language — whose non-Arab speech invariably goes with lack of conscious community with Arabs and even with contempt or hostility. A religious test would be more faulty still; for Christian minorities, which are not only in, but of, the Arab world are numerous. Such are the Egyptian Copts and several denominations which carry on in Syria a pro-Arab tradition, dating from distant days when hatred of Greeks drove Syrian Christians, as eager allies, into camps of the Prophet's Companions. On the other hand, roughly speaking, all societies whose mother tongue is Arabic, whatever they be racially, are more or less conscious of integral community with an Arab world.

These societies fall into two divisions, Asiatic and African. Such dictotomy by continents is no mere fiction for classification's sake. It does, in fact, correspond to a difference of political outlook. While the societies of the Asiatic Arab world feel some sense, however faint here or there, of political community, the African Arab societies have little or no such sense in regard to the Asiatic Arabs (or, indeed, to their African fellows), despite religious and linguistic community and the just claim of many to as pure Arabian blood as flows anywhere in Asia. For this duality the variation of geographical conditions is, of course, chiefly responsible; but it is variation of political rather than of physical conditions. The physical circumstance of North African life is not sufficiently dissimilar from that of southwestern Asia to account for the duality, nor has the Red Sea, impaired as it is by the Suez land-bridge, ever been a strong geographical barrier. On the other hand, Egypt, not racially Arab, dominated for the last thousand years by non-Arab foreigners, and pervaded for two centuries at least by European influences, has constituted a

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sufficient barrier, whose separative effect has constantly been reinforced by influences of opposite lands along almost all the long Mediterranean seaboard of Africa. The encroachment of Europe has provoked many counter-movements of revolt, of which that of Abd-el-Krim and his Rifis is the latest; but it is significant that the most thoroughgoing and best known of all revolts, that of the Senussiya, has issued, not in solidarity with a general Arab Cause, but in withdrawal from all connection with any other societies into a quietist isolation. Accordingly, since my theme is an Arab World, and that must have some community of tradition and hope to be a recognizable entity, I say no more of Africa, but confine myself to the Asiatic block of Arab societies and territories.

The most Arabist of these is, undoubtedly, Syria. Iraq might well have been its rival and even leader, were it not for the strong Iranian leaven in the latter's social composition, and its remoteness from the western birthplace and focus of nationalist ideas. Therefore, though Iraq is equally exposed to the influence which continually renews the Arab strain in Syrian society — namely, persistent infiltration of desert folk, whose homeland is ever increasing its population but never increases its food-supply — it is less looked to than Syria for the expression and guidance of Arabism. Admitted that its potential resources are much better able to meet the waste which an imperial position would entail. If there ever should be a united Arabia the imperial centre would swing over from Damascus to Baghdad as inevitably as it did more than a thousand years ago, when the Abbasid Caliphate replaced the Ummayad. But the character of the resultant imperial state would be like that of the Abbasid, scarcely more Arab than Persian.

Westernized Egypt and the United States of America have educated, but not de-Arabized, Syria; a lesser, but not unimportant, part has been played by France and other South European lands. In Syria the idea of Arab nationality was first born within the memory of a living generation chiefly through the influence of returned emigrants, which was enforced by that of such home-keeping Syrians as had attended, or been affected by, the Western schools established and maintained in the East by America and the Latin peoples. All these Syrians had imbibed and assimilated ideas of self-determination, even before President Wilson gave them expression and currency. Syrians are quick-witted and commercially minded. By contact with Western

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societies they quickly learned and thoroughly appreciated one fact at least — that, under Turkish rule, opportunities for making money were less; still less the chances that money made would be retained and enjoyed. The Turks did not govern Syria particularly ill; they were treating it better before the war, indeed, than most of their provinces. But that root fact remained — that Syrians were at a conspicuous disadvantage in comparison with other lands which had become familiar to them, while others, rather than they, enjoyed the best of such fruits as Syria had to offer.

The movement for "Arabia-for-the-Arabs," which germinated obscurely in Syria about the opening of the current century, found sympathizers in all denominations. Though inspired and supported to some extent by Moslems who resented the eclipse of the race that had founded and led the Faith, and who used its sacred tongue, the movement was not at the first, and is not today, essentially Islamic, much less pan-Islamic. Moslems and Christians have lived in Syria on the whole more peaceably together and with less lively consciousness of their religious difference than, perhaps, anywhere else in the Islamic world. With the single exception of Damascus itself, which is an oasis city of the desert rather than one of Syria, the history of its towns contains singularly few episodes of massacre for religion's sake. In Aleppo and its province, for example, during the black "nineties," a large Armenian population went about its business in tranquillity. The long story of Druse *versus* Maronite has been always political — a story of tribal feud, into which creed only entered when either party desired to enlist an ally.

Syrian Arabism being thus a political movement whose aspirations in twenty years rose through decentralization, home-rule and self-determination to sovereign independence, it was bound to give serious trouble to any occupying Power. The Turks, through the agency of Ahmed Jemal Pasha, scotched it in 1915; but they had far from killed it when Allenby, on their expulsion in 1918, gave it a conspicuous fillip by putting Damascus and the other chief inland towns under an Arab administration. The desert influence which demands, not good government necessarily, but necessarily self-government, became more operative than ever. If America or Great Britain had acceded to the Syrian prayer that one or the other should accept a mandate for Syria, either would have found its initial popularity but short-

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lived. As it was, a Power not popular even at the outset except with one Christian denomination and a few "gosmopolites" — one whose former prestige in the Near East had suffered severely of late by invidious comparison of its war effort in that region with the achievements of its chief ally — a Power which the sagacious Arab well knew would prove the most exhausted of the victors — this Power insisted on taking charge. Of the local unpopularity of France — still less of its causes — the unofficial Frenchman, it is safe to say, was wholly ignorant. It takes a world of experience to render him critical of France abroad. I never met one in Egypt who entertained the slightest suspicion that all that was being thought, or spoken, of the British there, would inevitably be thought and spoken of the French, if they should replace Great Britain as the occupying Power. Perhaps even the French Government in 1919 had little better knowledge of the facts, if one may judge by the attitude held and the language used by the best informed French officials during the Peace Conference. None had grasped that the most conspicuous virtue of French colonial administration — its assimilative capacity — was reckoned by the mass of Asiatic Arabs the prime count against French control. At all costs they would remain Arabs. And who in a society of returned emigrants, in contact with the powerful Damascene family sprung from the Algerian hero, Abd-el-Kader, did not know of the assimilative policy of France? When we British, in 1919, knew that any revision of the Sykes-Picot Agreement was out of the question short of open rupture with France, who intended to honor not our, but her own, pledges to the Arabs, as she, not we, understood them, we made many an honest effort (though probably few Frenchmen will believe it) to argue down the anti-French feeling of Syrians. They were bidden consider Morocco and Lyautey rather than Algeria. But in vain. Lyautey they believed an individualist, not a faithful interpreter of the common policy of his race. In any case they objected that, whether a Lyautey came to rule them or not, all profitable enterprises in their country would fall to French financiers; and they said many other things about the destiny of their language, their faiths, their women, which were at worst but half truths, and more often chimerical.

The French Government and the French press have this excuse — that on many points they were misled by a small group of super-patriots active in Paris before, during and after the Peace

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Conference. These Syrians, many of whom resided and intended to reside out of their native land, put a united Syria in the forefront of their case, inveighed against Great Britain as a partitioner, and called on France to be the agent of re-union with Palestine. Occasional demonstrations and fiery language held publicly in Damascus gave color to their assurance that such was the first aspiration of Syrians. But in reality there was no deep-seated or sustained feeling behind those local utterances. They had issued from no more than spasms of academic altruism in this or that urban society. Syrian towns feel little sense of community even with one another; and if any one could get self-government, it would care little what might become of the rest. Detachment of town from town, district from district, tribe from tribe, is instilled and ever reinforced and maintained by the influx from Arabia, and it is a fundamental instinct — fortunately, after all, for the French, since probably it will save Syria to them. They have only to hold on a little while to see Druses, now used as a spear-point by the Syrian rebels, come to blows with and be repudiated by the other Lebanese, to see men of Homs at odds with men of Hamah and Aleppines with Damascenes. Not in Syria by the armed forces of rebellion will the fate of the French Mandate be decided, but by the situation in France. The first two High Commissioners, Gouraud and Weygand, may have embittered the Moslem majority by reliance on Christian minorities and by exalting the Lebanon over the rest of Syria. The third, the anti-clerical Sarrail, may have failed through defects of temper and manner to reconcile the Moslems by his change of policy, while his administration disappointed the Christians and incensed the Druses to ebullition. All three had too many indifferent or frankly bad tools to work with — officers without training or aptitude for dealing with peoples of alien customs and tongues — colored conscripts of indifferent morale and little French civilization. But all the mistakes and defects of the French régime taken together have not united Syria sufficiently to make her capable of thrusting her masters forth — unless at the same time these should be pulled out by failure of French will-power, begotten of the war-weariness of white troops and matured in financial despair. If this ever happens, the last to rejoice should be Great Britain; for white rule is white rule everywhere, and very few in the East discriminate long or deeply between one wielder of it and another. Withdrawal of the French High Commissioner will make

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every other High Commissioner in the Near and Middle East sit upon a very uneasy throne!

In Iraq (as those on the spot bear witness) the Syrian outbreak has evoked no sympathetic reaction. Certainly there has been no overt sign, and likely enough Iraq is and will remain cold. It has been jealous of Syria since Ummayad days. Further, it has already made and lost its own main effort against western control, and in its failure had certain experiences that abide in memory: first and foremost, that sufficient water is not forthcoming for agriculture in a time of disturbance. Nor does the Iraqi cultivator trust any uncontrolled native government, of whose establishment at Baghdad he can conceive at present, to keep him supplied with enough water for needs that have increased considerably since the Turks left. At worst too, he does not regard the British in his midst, as the Syrian regards the French, as masters come to stay. He half believes that, however it were five years ago, there is something in the actual British profession of being in Iraq simply to guide and protect an infant state constructed out of destruction for which the British were responsible; in fact, that the British advisers will go as soon as they feel that they have made an honest job of their undertaking to set an Arab state of Iraq on its legs. Have they not installed an Arab king (the Iraqi are not very enthusiastic about him) and more than a façade of Arab administration, with which, from year to year, they appear less and less to interfere? They do not keep in the country a quarter of the alien troops that are kept in Syria, and (though only the *literati* comprehend this) they did exchange their Mandate for a treaty, made as between independent parties and implying full recognition that Iraq is and will be Arab, not British. How the issue of the Mosal dispute may affect this last consideration it is too soon to judge.

The Iraqi is inclined the more to trust the actual British attitude because he has some inkling of the political and economic forces in Great Britain itself which have fostered its development out of a very different attitude held during and immediately after the war. He knows that the British Indian element, which bulked so large among his liberators, did, in fact, assume annexation or, at the least, such an occupation as then obtained in Egypt, to be the inevitable and legitimate sequel of conquest. But the post-war taxpayer at home and the mood of Labor quickly modified this aspiration, and the Iraqi expects that it will not be allowed to revive.

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All this statement of his thoughts implies, of course, that beyond all else the Iraqi aspires eventually to uncontrolled self-government and that he does not wish the British or any other aliens to become fixtures in his country. To be candid, he does not wish it. It may be true that the presence of Britons galls him less than that of Frenchmen galls the Syrians, and that, thanks to the better average quality, the better training and the better tradition and practice of the young men exported to overseas administration in Iraq, British relations with the native population are, on the whole, more cordial and intimate. I have read lately an emphatic American testimony, borne by one long familiar with the country and people, to the quality, the honorable intention and the practical devotion to duty of the British officials in Iraq. But that same witness declined to conclude that, either on that or on any other account, British advisers are accepted with uncritical acquiescence, still less with general affection. Their very virtues irk the Iraqi — their energy, their efficiency, their incorruptibility, their insistence on sanitation and cleanliness. He dislikes their superiority and grumbles at the cost of them. But he is prepared to bear them awhile yet. He feels weak within weak frontiers which are beset by more instant and disagreeable foes than immediately threaten Syria — Wahabis on the south-west, Kurds on the north-east, Turks above Mosul; and he is aware that he lives in a house divided against itself. In the face of external danger the partition of Iraq between Shiah and Sunni would be a more serious defect than all the multiple partition of Syria.

The rest of the Asiatic Arabs enjoy, more and less, except in a few inconsiderable coastal districts, the self-government that all desire. Their greater enjoyment is in the extreme north and the extreme south; their less in the center between the eastern and western seas. The latter region, comprising spatially the larger part of peninsular Arabia, is experiencing again one of those recurrent phases of its history, when its essential disunion has been obliterated for a time (never long lasting) by the genius of one strong man armed, backed by a small but resolute and disciplined force. The present Wahabite domination of Abdul Aziz ibn Saud, Amir or Sultan of Nejd, is the most widely flung Arabian empire since the Prophet's, and may conceivably prove to emulate even this in respect of duration, by outliving its founder for something like the half-generation which divided the deaths

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of Mohammed and Ali. At present it rests on three positive supports and a negative fact. First, on the magnetic and powerful personality of Ibn Saud himself, who is as certainly by as much the most remarkable Arab of his generation as Mohammed ibn Rashid was a generation ago. Second, on the suitability of austere Wahabite Puritanism to the mind of the Bedouin, wherever he has not been contaminated by contacts with higher civilization. Third, on the apostolic fanaticism of a comparatively small but single-minded body of Wahabite zealots, drawn from Bedouins and oasis folk of the interior, who live under very primitive conditions. Finally, on the negative fact that, since the withdrawal of Turkey, there is no extra-Arabian power which feels disposed in the least to meddle in the affairs of Inner Arabia.

These assets contribute better to the making of Arab Empire than to its retention. Zealotry, which may render ten men more than a match for a thousand, cannot be sustained at white heat longer by Arabs than by others; and as it cools, the paucity of the zealots and the meagre home resources on which they rest will begin to be patent. Moreover Wahabite zealotry, engendered by primitive conditions of life and ignorance of all but these, has reached the fringes of higher civilizations, where new contacts will modify it, as rapidly as they did after its first ebullition more than a hundred years ago. The settled fringe-folk are not, and will never be, Wahabite. On the east they are not predominantly even Sunnite, while on the west they are Shiite in most of Yeman and loose luxurious livers in the Hejaz cities. In neither quarter is dour Bedouin Puritanism found congenial. The nomads, for their part, have a different grief, which has always awakened sooner or later to dissolve empire in Arabia. A "sheikh of sheikhs," such as on the largest scale is Ibn Saud, must necessarily prohibit inter-tribal warfare within his borders, and the wider these are, the wider the enforced peace. But since the beginning of time mutual raiding has been the one zest of the Bedouin's starved life, and its prohibition is no more welcome to him than is prohibition of a national sport anywhere. Add to the account that the maintenance of this empire depends on the character and energy of one man who is little likely to be succeeded by any one at all his equal (Arab "emperors" have rarely found worthy successors, thanks in great part to the immoderate sexual indulgence which their position allows), and the sum will be found to hold out little promise of long duration to Wahabite rule

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outside Nejd. At this moment it has probably reached its high-water mark on frontiers beyond which there is no sympathy with its peculiar creed and stronger forces wait than its own. A few months ago a body of nearly two thousand mounted zealots tried to pass the frontier into the Trans-Jordan lands. They were met by a couple of armored cars and a couple of aeroplanes, which in a few minutes accounted for just half their number and sent the rest flying for scores of miles. For his own sake it is to be hoped that Ibn Saud will not yield to any Syrian prayer that he should come out against the French, and offer more of his warriors to machine-guns.

Wahabism has enlisted a few supporters outside — for instance in India, in which land, as everywhere else, there are some Moslems of Puritan tendency. But it is inconceivable that it should ever lead a pan-Islamic movement. Even in Arabia itself the creed has always failed of appeal where desert conditions cease to predominate — for instance in Yemen, in Hadhramaut and in Oman. What chance then in Iraq, Syria or Egypt?

As one looks over the Arab World to-day, it appears not less a house divided against itself than it has ever been. Nor does the larger Islamic World, of which it is in name alone the spiritual center, seem in different case. One may trace here and there and now and again some sign of common policy and action, as perhaps in the coincidence of Abd-el-Krim's effort in the Riff with that of the Syrian rebels. But no sign that now or in the future, any more than during the late war, Moslems will, or can, unite forces in a common effort to prevail again as their first Caliphs prevailed.

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THE JEWS IN PALESTINE

By Leonard Stein

IT is sometimes assumed that the scope of the British Mandate for Palestine is limited to the narrow strip of land between the Jordan Valley and the Mediterranean. This is by no means the case. The mandated territory stretches eastwards well beyond the Jordan, until it loses itself in the inhospitable wilderness which separates it from Iraq. It has, however, been divided into two entirely distinct administrative units.

Western Palestine, with an area of some 10,000 square miles, has a population of a little over 800,000, including (in round numbers) 620,000 Moslems, 125,000 Jews and nearly a score of Christian communities, with a total membership of about 75,000.[1] Here the mandatory power has retained direct control. Eastern Palestine is smaller, more backward, and more homogeneous. It has an area of some 6,000 square miles and a population of about 200,000, of whom nearly all are Arabic-speaking Moslems, and a large proportion are Beduin. In Trans-Jordan, as this eastern region has now come to be styled, Great Britain has set up an Arab principality under the rule of the Emir Abdullah, the second son of ex-king Hussein of the Hedjaz. The Mandate remains in force in Trans-Jordan, but it is exercised on terms defined as follows in a British memorandum which was approved by the Council of the League of Nations in September, 1922: "In the application of the Mandate to Trans-Jordan, the action which in Palestine is taken by the Administration of the latter country will be taken by the Administration of Trans-Jordan under the general supervision of the Mandatory. His Majesty's Government accept full responsibility for Trans-Jordan, and undertake that such provision as may be made for the administration of that territory shall be in no way inconsistent with those provisions of the Mandate which are not declared to be inapplicable."

The provisions "declared to be inapplicable" are those relating to the establishment in Palestine of a National Home for the Jews. So far as the Jews are concerned, Great Britain accepts no

[1] There has been no census since October, 1922, when the returns for Western Palestine were as follows: Moslems, 590,890; Jews, 83,794; Christians, 73,024. Since then there has been a steady stream of Jewish immigration.

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obligations beyond the Jordan Valley. The "general supervision" to which she restricts herself east of the Jordan is exercised through an officer known as the Chief British Representative, who is stationed at Amman, the seat of government, and is responsible to the British High Commissioner in Jerusalem. Great Britain also supplies the commanding officer and the second-in-command of the Arab Legion — a locally recruited defense force. Apart from this, the handful of Englishmen in Trans-Jordan exercise no direct authority. The Arabs are left as far as possible to their own devices, and the Chief British Representative is merely an adviser, though it goes without saying that his advice, once given, cannot be lightly ignored.

Trans-Jordan has never been in a position to balance its Budget from its own resources, and it is only enabled to keep its head above water by a British subsidy, which is estimated for the current financial year at £105,000. This does not include the cost of the garrison. The Air Force units stationed in the neighborhood of Amman are not maintained there solely for the benefit of Trans-Jordan, but they are indispensable to its security. This was clearly shown in 1924, when it was only the prompt intervention of British aeroplanes and armored cars which saved Trans-Jordan from being overrun by Wahabi raiders from Central Arabia. It is, in fact, not too much to say that but for the presence in the background of the British Exchequer and the British Air Force, Trans-Jordan would rapidly drift into chaos.

It would be unreasonable to expect the infant state to find its feet within a few years of its birth. A serious attempt is being made to teach Trans-Jordan to stand alone, and it would be premature to pronounce it a failure. All that can be said is that the progress hitherto made hardly fulfils the hopes of those who commended this experiment to Mr. Winston Churchill in 1921 at the Middle Eastern Conference in Cairo. There has been some improvement since the present British Representative came to Amman in 1924, but Trans-Jordan still shows little sign of being able to produce the native talent which alone can make its independence a reality. It may, indeed, be doubted whether the whole experiment is not misconceived. Trans-Jordan is a tiny county with a sparse and backward population. It is poor alike in public spirit and in administrative experience. The collapse of King Hussein in the Hedjaz has shattered the dream of an Arab

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Confederation under Hashimite auspices, towards which Trans-Jordan might eventually gravitate. On the other hand, Trans-Jordan, with its half empty tracts of exceptionally fertile soil, is the natural hinterland of Western Palestine; indeed the geography, the history, and the economic relations of the two Palestines all suggest that they constitute a single indivisible unit. This does not mean that the differences which unquestionably exist should be disregarded or that Eastern and Western Palestine should be administered on precisely identical lines. What it does mean is that if they are encouraged to drift apart, Western Palestine will be a torso, and Trans-Jordan will, more probably than not, be consigned to something like permanent stagnation.

The problem of Trans-Jordan is too important to be passed over in silence. But this is not the place to discuss it in greater detail. If there is a new Palestine in the making, it is the Palestine which faces westwards to Europe as well as eastwards to Arabia and Iraq. That is the Palestine with which we are here concerned.

Great Britain administers Palestine under a Mandate which she has formally undertaken to exercise on behalf of the League of Nations. The terms of the Mandate were approved by the Council of the League in 1922, though for a variety of technical reasons the Mandate itself did not enter into full effect until September 29, 1923. It is an "A" Mandate, of the type designed for the ex-Ottoman Territories in Asia, as contrasted with the former German colonies in Africa and the Pacific. In this respect Palestine is on the same footing as Syria and Iraq. Palestine, however, is *sui generis*, and the Mandate has certain distinctive features which give it a character of its own.

Of these, the first is the absence of any express provision for the eventual independence of Palestine. The Syrian Mandate requires the Mandatory "to enact measures to facilitate the progressive development of Syria and the Lebanon as independent States." A similar clause was inserted in the draft Mandate[2] for Iraq. There is no corresponding stipulation in the Mandate for Palestine, and there is reason to believe that the omission is not accidental.

But it would be a mistake to infer that the Mandate is in this

[2] The text of this Mandate has never been formally confirmed, subsequent developments having rendered it obsolete, though as between Great Britain and the League the Mandate itself is still in being.

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case a cloak for annexation. On the contrary, of all the mandated territories, there is none in which the Mandatory's status as trustee has been more clearly brought out. At the recent Assembly of the League of Nations, Dr. Nansen, in reporting upon the development of the mandatory system, dwelt at some length upon the course of events in Palestine. A few weeks later, the situation in Palestine was much more exhaustively reviewed by the Permanent Mandates Commission. This is a body of independent experts whose duty is to watch the execution of the various Mandates and to report annually to the League Council. The British Government had, as it was bound to do, supplied the Commission in advance with a full report on the progress of Palestine in 1924, together with its replies to a questionnaire dealing *seriatim* with the various provisions of the Mandate. The Commission had also before it certain petitions asking for the redress of real or imaginary grievances, together with a memorandum submitted by the Zionist Organization. The British Government was represented by the Under-Secretary of State for the Colonies, who was subjected on certain points to a searching cross-examination. At the close of the proceedings, the Commission laid before the Council of the League a full report, made up of general observations on the progress of Palestine under the Mandate, special observations on a number of specific points, and comments on the various petitions. The report, having been considered and approved by the Council, has now been published, together with a detailed account of the preliminary discussions. The whole of this process is repeated year by year. In these respects Palestine is on precisely the same footing as any other mandated territory; indeed, there is no case in which the Mandatory's reports have been more punctually rendered or more closely scrutinized. If the Mandate for Palestine is distinguished from others of the same general type by the omission of the independence clause, that does not mean that the Mandatory ceases in any sense to be a trustee; what it means is that this is a case in which the trusteeship is deemed to be of indefinite duration.

A second distinctive feature of the Palestine Mandate is the provision made in Articles 13 and 14 for the safeguarding of the Holy Places. These Articles have as their background all the passionate rivalries of the contending Churches in Palestine, and of the powers which have sought from time to time to carry their

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banners. The age-long struggle between the Greeks and the Latins — the temporary eclipse of Russia, with its crippling effect upon the Orthodox Church — the not unnatural disposition of the Latins to steal a march upon their rivals in their hour of weakness — the conflict between French and Italian interests within the Roman Catholic Church itself — these are only a few of the explosive elements in the complicated problem of the Holy Places.

Under Article 13 of the Mandate, the Holy Places are withdrawn from the jurisdiction of the local authorities in Palestine and are placed under the direct control of the Mandatory Power, which is responsible solely to the League of Nations. On the other hand, the Mandatory Power has itself no authority to deal with questions in dispute. Its function is merely to prevent any disturbance of the *status quo*, — a task which it has performed with punctilious exactitude. Conflicting claims — and they are many — are reserved for settlement under the general auspices of the League of Nations. A special Commission to be set up for this purpose is to be appointed by the Mandatory Power, but "the method of nomination, the composition and the functions of this Commission shall be submitted to the Council of the League for its approval, and the Commission shall not enter upon its functions without the approval of the Council."

These are the provisions of Article 14 of the Mandate. There is no Article which has been the subject of more prolonged or more acrimonious discussion. To say nothing of Jewish and Moslem claims, how are the Christian members of the Commission to be distributed between the various Churches? Who is to nominate the Chairman? Is he to be a Roman Catholic, and, if so, is he to be a Frenchman or an Italian? These were among the thorny questions round which interminable controversy raged when the Mandate was being framed. If the terms of Article 14 in its final form are scrupulously vague, it is because on none of these disputed points was it possible to secure general agreement. It is for the same reason that even now the Commission has not been actually appointed. If there are difficulties in the strict maintenance of a not wholly satisfactory *status quo*, there might be at least equal difficulties in dealing with the whole complex of singularly delicate questions of which the Commission would be called upon to dispose. No one is anxious to put his hand into a hornets' nest, and there is at present a not unnatural tendency to leave well alone.

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A third feature of the Mandate, and much the most far-reaching in its effects, is the group of Articles dealing with the establishment in Palestine of a national home for the Jews on the basis of the Balfour Declaration.

It was on November 2, 1917, that Lord Balfour, at that time Foreign Secretary in Mr. Lloyd George's Coalition Cabinet, assured the Zionist Organization that "His Majesty's Government view with favor the establishment in Palestine of a national home for the Jewish people, and will use their best endeavors to facilitate the achievement of this object, it being clearly understood that nothing shall be done which may prejudice the civil and religious rights of the existing non-Jewish communities in Palestine or the rights and political status enjoyed by Jews in any other country."

The initiative was taken by Great Britain, but in issuing the Balfour Declaration she did not speak for herself alone. She had secured in advance the concurrence of France and Italy, and both powers proceeded to make corresponding statements on their own account. The United States had not declared war on Turkey, and it was, for that reason, hardly possible for the Declaration to be formally endorsed by the American Government. It had, however, been framed with the full knowledge and approval of President Wilson. The President had consistently supported the Zionists with the full weight of his influence and shortly after the Declaration was issued, he publicly expressed his satisfaction. In 1922 a resolution in favor of the establishment in Palestine of a Jewish national home was adopted without opposition by both Houses of Congress, and on December 3, 1925, the British and American governments ratified a Convention by which the United States agrees to the administration of Palestine by Great Britain under the terms of the Mandate, receiving in return assurances with regard to the protection of American interests, as well as the right to be furnished with a duplicate of the Mandatory's annual report to the League of Nations.

Nor did the Declaration reflect a mere momentary impulse. From the earliest days of the war, the Zionists had had influential friends in the Allied Governments. Their claims were disregarded in the Anglo-French agreement of May, 1916, under which a mutilated Palestine was to play Tangier to a Moroccanized Syria. But even at that stage the Allies were aware that Zionism was a

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force to be reckoned with. As early as March 13, 1916, Sir Edward Grey reminded M. Sazonov that "a numerous and most influential section of Jewry in all countries would highly appreciate the proposal of an agreement concerning Palestine which would fully satisfy the Jewish aspirations." A few days later, M. Sazonov informed the British and French Ambassadors in Petrograd that "as regards Palestine, the Russian Government . . . will put forward no objection on principle to the settlement of Jewish colonists in that country." The ink was hardly dry on the Anglo-French accord of 1916 before Great Britain, now fully convinced that Zionism must be taken seriously, initiated the pourparlers which led to the Balfour Declaration and also — it may be added — to the eventual rectification of the frontier of Palestine and the abandonment of the proposed condominium in favor of a British Mandate.

The Zionist claims had a two-fold basis. The unwavering attachment of the Jews to the cradle of their race and faith, their abnormal status as a civilized and gifted people who hardly anywhere enjoyed more than a precarious toleration, the outward pressure of the crowded ghettoes where they lived in millions under conditions consistent neither with their security nor their self-respect — this was in itself enough to give the Zionists a right to be heard. On the other hand, the Jewish national home in Palestine was already something more than a mere abstraction. Since about 1882 Palestine had attracted a growing stream of Jewish immigrants, and at the outbreak of war in 1914 it had a Jewish population of something like 90,000, who had, on the evidence of every impartial witness, contributed to its development out of all proportion to their numbers. What was still more important, there were even then unmistakably visible the first faint signs of a Jewish renaissance. For the first time for generations the Jews were settling in Palestine on the land; they had made Hebrew a living language; they were laying, step by step, the foundations of a vigorous and self-reliant Jewish society. The movement which began in 1882 received a powerful impulse from the establishment in 1897 of the Zionist Organization. The Organization at once came boldly forward with a program envisaging the settlement of Jews in Palestine *en masse*, under a Charter to be granted by the Sultan and guaranteed by the powers. This heroic project was not destined to be carried through in the form in which it was conceived, but at the outbreak of war

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Zionism was already in being, not merely as a vague aspiration, but as an organized and active force.

The Balfour Declaration was reaffirmed by the Allies at the San Remo Conference in April, 1920, when it was finally agreed that Palestine should be placed under a British Mandate. More than two years were still to elapse before the provisions of the Mandate were formally approved, and more than three before they became technically effective. It is, however, the San Remo decision which may properly be considered as the starting-point of the new régime. Pending a definite decision as to its future, Palestine had been treated as occupied enemy territory and had been administered by a Military Government, which had no authority to do more than keep order and maintain the *status quo*. The San Remo agreement put an end to this interregnum and was immediately followed by the establishment of a Civil Administration, with Sir Herbert Samuel as the first High Commissioner. This was in July, 1920. A few weeks later, the Government removed the embargo on immigration. Immigration was not, and has never been, unrestricted. It has throughout been controlled by the Palestine Government on the principles formally set forth in 1922 in a memorandum by the British Colonial Secretary, who laid it down that "immigration cannot be so great in volume as to exceed whatever may be the economic capacity of the country at the time to absorb new arrivals." The right of entry has never been limited to Jews, but though there are from time to time a few non-Jewish immigrants, their numbers are insignificant. The course of Jewish immigration, excluding returning residents, can be seen from the following table:

JEWISH IMMIGRANTS INTO PALESTINE

Armistice to end of 1920 (14 months)	8,346
1921	8,517
1922	7,844
1923	7,421
1924	12,856
1925, January to October (10 months)[3]	29,124
Total	74,108

Since the Armistice, about 5,000 Jewish refugees who left Palestine during the war have returned to their homes. If these

[3] Analyzed returns for 1925 are not yet available, and the figures given include a trifling proportion of non-Jews.

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are added to the immigrants proper, the total is brought up to about 79,000. During the same period there have been about 11,000 Jewish emigrants, of whom nearly half were pre-war residents, as distinct from recent arrivals. The result is a net Jewish immigration, including returning refugees, of (in round numbers) 68,000. In 1914, Palestine had a Jewish population of about 90,000. War, famine, emigration and forcible expulsion by the Turks left only about 55,000 survivors at the time of the Armistice. In April, 1925, it was officially estimated that there were 104,000 Jews in Palestine, and this figure must since have increased to something like 125,000, or about 15 percent of the total population. Thus the losses of the war have been more than made good, and since the beginning of 1925 Jewish immigrants have been coming in at the rate of 2,900 a month.

Of 12,856 Jewish immigrants in 1924, 10,852, or over 84 percent came from Poland and other parts of eastern and south-eastern Europe. These figures are fairly typical, though there has recently been a growing immigration of Sephardic Jews from the Balkans and from various parts of Asia. From another point of view, the character of the immigration has recently undergone a striking change. In 1922 the proportion of middle-class, as distinct from working-class, immigration was only 13 percent. This figure rose to 40.6 percent in 1924 and has shown a tendency to mount still higher in 1925. Immigrants of this type, who are not brought out to fill vacancies in the labor-market, are required by the Regulations to possess at least a moderate amount of capital. In some cases they are persons of substantial means, and they usually bring with them, not only capital, but some experience in industry or trade. Some of them settle on the land, and more would do so if land were not so scarce and land-values so inflated. On the other hand, many of the middle-class immigrants are making at least temporary homes in the towns, with the result that Palestine is going through what may almost be called an industrial revolution. In November, 1923, particulars were available of 279 Jewish industrial undertakings employing 2,331 workmen and representing a capital investment of $4,200,000. In July, 1925, the corresponding figures were 547, 4,894 and $7,585,000. Some of these enterprises are at present on an insignificant scale, but others — such as the brick and tile factory at Jaffa and the cement works and vegetable oil factory at Haifa — are of considerable size and are considered creditable examples of

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modern industrial practice. Among these undertakings there will, no doubt, be a certain infantile mortality, but some of them are already beginning to find their feet. In a recent speech in London, Sir Herbert Samuel went so far as to say that Palestine bids fair to become the main industrial centre of the Middle East.

It is obvious that middle-class and working-class immigration tend to play into one another's hands, since the influx of capital for investment produces a corresponding demand for labor. Thus, in the first half of 1925, when middle-class immigration reached unparalleled proportions, more working-class immigrants entered Palestine than in the whole of the previous year. At the same time, it is felt in some quarters that the balance between town and country is being endangered by these developments, and it has also been suggested that what is really in progress is a boom which is bound to be followed by a reaction. It is true that industry has recently made more rapid strides than agriculture, though it is also true that the proportion as well as the number of Jews on the land has not only not decreased, but is appreciably larger today than it was at the end of 1922. Whether industry or agriculture is destined to predominate time alone will tell. Economic forces must in the long run be left to work themselves out in Palestine in the same way as anywhere else. If the towns are growing rapidly and are not entirely free from the usual infantile diseases, they seem, on the whole, to be developing on healthy lines. There is no reason to suppose that the credit structure is top-heavy, and in spite of temporary fluctuations in the state of trade there is nothing to suggest a serious set-back.

It is, indeed, natural that agriculture should develop more slowly. The Mandate requires the Government to make unoccupied state lands available for Jewish colonization. The state lands, however, have still to be finally delimited, and all that is definitely known is that the vacant area is not as extensive as was originally assumed. This may or may not be a sufficient reply to the complaints which have been made of the Government's inaction in the matter. Be that as it may, all but a trifling proportion of the land acquired by the Jews has had to be bought in the open market at prices which are being rapidly forced up. The Jews now hold nearly 250,000 acres of land in Palestine, of which about 50,000 acres have been acquired during the past twelve months. Again, agricultural colonization is seldom self-supporting in the early stages, and this is especially true in

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Palestine, where there has almost always to be heavy expenditure on preparatory work before the land becomes fit for settlement. A salient example is the work done under Zionist auspices in the Vale of Jezreel, where 12,000 acres of malaria-ridden swamp have been drained and made habitable since the end of 1922.

In spite of these handicaps, the number of Jews on the land has steadily increased and now stands at about 23,000 or 21 percent of the Jewish population, as compared with 15,000 or 18 percent, at the census of October, 1922.

The Jews have not confined themselves to the promotion of industry and agriculture. They have created so extensive a network of Hebrew schools that 85 percent of the Jewish children between five and fourteen years of age are being educated, as compared with 76 percent in the case of the Christians and 14 percent in the case of the Moslems. The Jews have also opened a Technical Institute and an Institute of Agricultural Research, — both of them the only establishments of their kind in the country, — while the educational system is now about to be crowned by the Hebrew University of Jerusalem, of which the first three Departments, devoted respectively to Chemistry, Medical Research and Jewish Studies, have already been opened. In coöperation with the Government and other agencies, the Jews are doing medical and sanitary work in Palestine on an extensive scale. By these and other means, they are contributing materially to the development of Palestine as a whole and to the strengthening of its social and economic fabric. They are, at the same time, enlarging and enriching their own corporate life. What is growing up in Palestine is a vigorous and many-sided Jewish society, which has its weaknesses as well as its virtues, but which has in any case its distinctive tone and color.

In all this, what part has been played by the Mandatory Power? So far as active coöperation is concerned, it is a very small part. That is, indeed, no more than is freely admitted by Sir Herbert Samuel in his final report to the British Colonial Office. "The Jewish movement," he writes, "has been self-dependent. If it has had the moral encouragement of the Balfour Declaration and of the official recognition of the Hebrew language, if it has been able to rely on the Government of Palestine to maintain order and to impose no unnecessary obstacles, for all the rest it has had to rely on its own internal resources, on its own enthusiasm, its own sacrifices, its own men."

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On this point no serious observer can be in any doubt. There is in some quarters a hazy impression that if Palestine is not a Jewish State, it is at all events under Jewish administration. Nothing could be further from the truth. The following figures were given in evidence last year before the Permanent Mandates Commission of the League of Nations:

PALESTINE ADMINISTRATION

	Senior Service	*Junior Service*	*Total*
Christians	231	1,212	1,443
Moslems	76	1,943	2,019
Jews	47	764	811
Others	2	6	8
Totals	356	3,925	4,281

At this time the High Commissioner was a Jew. He has since been succeeded by a Christian, Lord Plumer, and the only Jew now holding high office in the Palestine Government is the Attorney-General.

But this is only a small part of the story. So far from having made Palestine a Jewish State, the Government has, in some respects, actually done less for the Jews than might reasonably have been expected of it. Reference has already been made to its delay in giving effect to the provisions of Article 6 of the Mandate with reference to the settlement of Jews on state and waste lands. The Jews have another and a still more valid grievance in the fact that while they contribute to the revenue on the same footing as everyone else, 97 percent of the public expenditure on education goes to Arab schools, the Jews — except for an infinitesimal grant-in-aid — being left to provide Hebrew schools from their own resources.

It would, however, be a complete mistake to infer that the Jews owe nothing to the British Mandate. On the contrary, it would not be too much to say that to all they have achieved since the war the Mandate is the indispensable background. Great Britain has rendered them two services of vital importance, and these are none the less services to the Jews because they have also been services to Palestine as a whole. She has, in the first place, kept the peace. Palestine has not been altogether free from disorder, but whatever unrest there has been is insignificant in the light of what has occurred since the war in Syria and — in

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the earlier stages — in Iraq. Since the Jaffa riots of May, 1921, Palestine has been perfectly quiet; indeed, Sir Herbert Samuel is justified in claiming, as he does in his final report, that "for some time past Palestine has been the most peaceful country of any in the Middle East." On this point the following figures covering British expenditure in Palestine (exclusive of contributions to the cost of government in Trans-Jordan) speak for themselves:

BRITISH EXPENDITURE IN PALESTINE

	Defense	*Gendarmerie*	*Total*
1922–23	£1,724,000	£300,000	£2,024,000
1923–24	£1,150,000	£250,000	£1,400,000
1924–25	£734,500	£265,000	£999,500
1925–26	£428,600	£212,000	£640,600

Apart from the gendarmerie grant-in-aid, British expenditure in Western Palestine as distinct from Trans-Jordan is, and has always been, confined to the cost of the garrison. The steady shrinkage of that expenditure to an almost trifling sum is the best evidence of a progressive improvement in public security.

In the second place, the Government has stood firm on the vital question of immigration. If it has not conceded an unrestricted right of entry to the Jews, neither has it conceded an embargo to the Arabs. It has regulated immigration, but it has allowed it to come in in what is now a steady and growing stream. A weak Government might have capitulated to the Arab opposition; a rash Government might have forced the pace regardless of consequences. In matters of detail, the Government can claim no infallibility, but it has at least succeeded in creating an atmosphere in which Jewish immigration, if not yet universally welcomed, is at all events coming to be accepted by public opinion as a matter of course.

This is in itself a not inconsiderable achievement. It used to be pointed out by the sceptics that there were 700,000 Arabs in Palestine and that there were as many arguments against the Balfour Declaration. The British Government rightly refused to regard these arguments as conclusive, but it certainly had 700,000 reasons for moving cautiously. When the Balfour Declaration became known to the Arabs, they were in genuine doubt as to what might be in store for them. Their anxieties, in themselves not unnatural, were sedulously played upon by propagandists

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who had their own motives for making mischief in Palestine. The Damascus Nationalists took a hand in the game, and various interested parties in Europe fished diligently in troubled waters. The Civil Administration had hardly been set up before the almost inevitable explosion took place in the Jaffa district in May, 1921, when six days' rioting resulted in the loss of ninety-five Jewish and Arab lives. This is as near as post-war Palestine has ever come to serious disorder. There has since been nothing more alarming than an occasional brawl. The Arabs, however, had still to be reconciled to the new régime. They now embarked on a policy of non-coöperation on the lines familiar in India, in Cyprus and in other parts of the East. The Government was not actively opposed, but all its advances were rejected, while the Arab leaders poured forth an almost incessant stream of protests. It is not easy to say how far these leaders spoke for the Arab population at large. That they had, at one time at least, a considerable body of opinion behind them can hardly be doubted. On the other hand, the simple-minded folk who compose the bulk of the Arab population take little or no interest in public affairs. The shopkeepers were occasionally called upon to pull down their shutters when the leaders ordered a peaceful demonstration, but beyond this little was expected of the rank-and-file, and the policy of non-coöperation made no perceptible difference to their ordinary routine, any more than it prevented their betters from putting Jewish money into their pockets when there was business to be done.

The policy of the Arab leaders had, however, one important consequence. It delayed indefinitely the development of self-governing institutions. In 1922 Palestine was granted a Constitution providing for the establishment of a Legislative Council with extensive, though not unlimited, powers. Of the 23 seats on the Council, eleven were to be occupied by the High Commissioner and other British officials. The remaining twelve members were to be popularly elected on a wide franchise, with the proviso that the Jewish and Christian communities were to have two seats each. Elections were held early in 1923, but they were boycotted by the Arabs and were eventually annulled. The 1922 Constitution was not repealed, but it was left in abeyance. The Government did not, however, abandon its attempt to secure the co-operation of representative Arabs. Two successive offers were made, but both were promptly rejected. The Government had

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now spoken its last word. Since the end of 1923, the central administration has remained purely autocratic, though all the larger towns have their own municipal authorities, while in the rural areas there are twenty-seven elected local councils, of which twenty-three are in Arab villages.

It is a curious paradox that since the breakdown of the pourparlers with the Arab leaders, the political situation has sensibly improved. This is to some extent directly due to the breakdown itself. The Government had shown itself genuinely anxious to conciliate the non-coöperators, but it had also shown that it was quite capable of doing its work without them. The non-coöperators, on their side, were discredited. Their policy had led nowhere, and they had nothing to show for several years of expensive agitation, during which they had failed to produce a single constructive proposal. Since 1923 their prestige has visibly declined. If they still enjoy some measure of support, they no longer have the field to themselves. Their authority has been challenged, and they have now to compete with other Arab parties, which do not share their faith in a program of barren obstruction.

But it is not only in this respect that times have changed. The main reason why the tension has relaxed is that facts which speak for themselves have begun to reassure the Arab rank-and-file. However credulous the average Arab may be, he can use his own eyes. Year after year has gone by, and not one of the disasters he was led to expect has shown the slightest sign of overtaking him. On the contrary, he is well aware that he has materially benefited under the Mandate in pocket, in health and in general well-being. Thus, his lingering suspicions are being gradually disarmed, not so much by argument or by paper assurances, as by personal experience of the new régime and its actual effect on his daily life. In most parts of Palestine the Jews are now accepted as a matter of course; in some parts — more especially in the rural areas — they are already regarded as welcome neighbors from whom there is much to be gained. To say this is not to say that the Arab problem has been solved. The awkward question of self-government has been shelved, but it will one day have to be dealt with. Anti-European as well as anti-Zionist feeling still exists, and though the country is perfectly quiet, the forces of unrest have not yet been completely disarmed. It would be too much to say that the situation is entirely normal, but for some time past it has shown a steady improvement.

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What of the future? The Jews are not a floating population of temporary exiles from Europe; still less are they in the position of a ruling race. As time goes on the Jews will tend more and more to give Palestine its tone and color; but there is no question of ascendency or privilege, and, in the nature of the case, there can be none. Palestine will, therefore, present the unusual spectacle of two races, an Asiatic majority and a minority which must be regarded in the main as European, dwelling side by side on different levels of culture and with different standards of life, but on a footing of complete political equality. This situation, though unusual, is not altogether unparalleled. It exists in Cyprus. It existed to some extent, until the catastrophe of 1922, on the Anatolian sea-board. In the first case it has led to trouble, and in the second to disaster.

There are, however, two distinctions to be drawn. The Moslems and Christians of the Levant are the heirs of something like a standing feud, with its roots deep down in half-forgotten history. There is not the same unhappy background to the relations between the Moslems and the Jews. And there is a second distinction. Like the Greeks of Cyprus, the Greeks of Anatolia had before their eyes a mother-country which beckoned to them across the frontiers of their nominal allegiance. They felt themselves to be *irredenti*. Thus, they were not only exposed to Turkish intolerance as a racial and religious minority, but they were also exposed to Turkish suspicions as the outposts of a foreign and an unfriendly power. This was the situation which culminated in the terror of 1922.

The Jews of Palestine are in this respect in a different position. They, too, are a racial and religious minority; they may, in some quarters, be looked at askance as agents of European penetration; but far from regarding themselves as *irredenti*, they are an integral part of the population of Palestine, with no metropolis outside it. The mixture of races in Palestine is, therefore, a good deal less combustible than it has unhappily proved in Anatolia, and the ominous analogy which has sometimes been suggested is clearly incomplete.

None the less, the situation in Palestine is a delicate one, and a *modus vivendi* between the two races is essential to peaceful progress. The Jews, for their part, have every motive for desiring it. Not only must they long remain a numerical minority in Palestine itself, but when they look further afield, they see them-

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selves as a Jewish island in an Arab sea. Moreover, the economic development of Palestine is, in the last resort, the governing factor in the establishment of the Jewish national home, and the more the Arabs prosper, the more quickly will that development proceed. And again, if Palestine has an economic future, it is not only as a producer but as a distributor. If it is to reach its full stature, it must develop its possibilities as an *entrepôt* and make Haifa the Copenhagen of the Levant. The future of Palestine, therefore, depends largely on the future of its neighbors, and if for this reason alone, the Jews have a powerful motive for cultivating the goodwill and promoting the prosperity, not only of their Arab fellow-countrymen in Palestine, but of the Arab world at large.

Fortunately, they do not come without gifts in their hands. It is in their power to do for Palestine what no one else is likely to do for it and what it is at present quite incapable of doing for itself. They have at their command, not only capital, but precisely those qualities in which the Arabs are most conspicuously deficient — enterprise, efficiency, and a capacity for sustained and organized effort. They are interested, as no one else is interested in anything like the same degree, not merely in skimming Palestine for its cream, but in its all-round development. They come, not to exploit Palestine,— not to make what they can out of it and go home with their winnings, — but to settle down in it as a permanent element in the population. Nor, again, can Palestine see in them merely a predatory Europe seeking to stake out yet another claim in the East. If the Eastern people are sullen and suspicious, it is largely because they have Europe on their nerves. They are obsessed by the nightmare of its inexorable advance and its insatiable appetite. They need Europe, but they are frightened of it. But the Jews are not in Palestine as the advance-guard of annexation. They are themselves Palestinians, and their rôle is to civilize Palestine, not from without, but from within. Without them there are only two visible alternatives for Palestine — permanent chaos or permanent tutelage. Far from their standing between Palestine and nationhood, it is they who offer it its best — perhaps its only — chance of being welded in course of time into a coherent and orderly whole. Better than anyone else, the Jews can give Palestine what Europe has to offer without exacting the unwelcome price which the East has commonly to pay.

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Thus the Jews are by no means mere suppliants for favors. It is a case of *do ut des*. It is true that the last word rests with the Arabs and that there can in the long run be no stable settlement unless they are convinced that they stand to gain by the presence of the Jews. Paper formulæ, however ingenious and impressive, will not take the matter much further. The Arabs, however, are by no means blind to their own interests or to the evidence of their own eyes, and if the Jews play their cards skilfully, it is reasonable to expect that the two races will sooner or later come tacitly to terms in Palestine on the solid basis of mutual advantage.

And not necessarily in Palestine alone. Palestine is destined to be a distributing-centre, not only for goods, but for ideas. If the Jews establish themselves in Palestine as a civilizing force, their influence will not stop at the Jordan. Provided always that there is no serious set-back, the time may come when they will not only overflow into Trans-Jordan, but will make themselves felt still further afield. As in Palestine, so in other parts of the Middle East, they may well prove to be in a better position than anyone else to mediate between Europe and Asia and to come forward as welcome allies in the work of reconstruction.

All this will not happen in a day. For the present, and for some time to come, the Jews will need all their available resources for Palestine itself and will have little but good-will to spare for its neighbors. And if the situation has still to be stabilized in Palestine, much less is it possible to foresee the course of events in other parts of the Middle East. The omens, it must be frankly admitted, are none too encouraging. The Arabs are not conspicuous for staying-power. It is at least conceivable that the Middle East may in the end relapse wearily into stagnation, leaving Palestine to a precarious survival as an isolated oasis. If, on the other hand, the situation develops more favorably — if the Arabs prove superior to the weaknesses which have so often been their ruin in the past — the time may come when Palestine will be a power-house distributing energy throughout the Middle East.

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THE MINERAL RESOURCES OF THE FAR EAST

By C. K. Leith

THE common use of phrases like "the yellow peril," "the awakening of the Far East," "the challenge of Asia," imply a widespread belief in the capacity of the Far East[1] to advance in culture and industry, as well as in political and military power, to a position more or less comparable to that of Western Europe and the United States. It is apparent from the nature of the discussions that this belief is based principally on a consideration of the human factors involved in education, in the growth of population, and in political development. One looks in vain for correspondingly adequate consideration of the physical environment, to see how far it will permit of the expected advances. It seems to be assumed that the necessary physical resources will be found when the eastern peoples come to a point where they can use them. The Far East of the future is pictured with the familiar lineaments of highly industrialized western countries, where the "industrial revolution" has been based to a large degree on the extensive use of coal, iron, and other mineral products. It is pertinent, therefore, to appraise the mineral potentialities in the Far East, in order to see how far they justify the assumption that changes will take place there of the kind we ordinarily associate with modern industrial progress.

At the present time the countries of the Far East yield only an insignificant proportion of the world's total of the essential commercial minerals, — for example, about five percent of the copper, one percent of the iron ore, five percent of the coal, and three percent of the oil. Only in a few of the less essential mineral commodities are the proportions larger. In contrast, the countries bordering or tributary to the North Atlantic now furnish the vastly larger part of the world's requirements in essential minerals, — 90 percent of the coal, 98 percent of the iron ore, 65 percent of the copper, and 90 percent of the oil.

There is a tendency to attribute this situation to the mere lack of exploration in the Far East, and to assume that when this has reached a stage comparable to that of the North Atlantic coun-

[1] The "Far East" is here used to include India, Eastern Asia, and the adjacent islands of Japan, the East Indies, and the Philippines. It is subdivided broadly into the Pacific region and India.

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tries the production of essential minerals will be more or less equalized. But a survey of the facts proves this assumption to have but a slender basis. In fact, the conclusion seems inevitable that (with certain exceptions to be noted) the present small scale of mineral production in the Far East is not a temporary but a permanent condition, being due to the absence of mineral resources in quantity or grade or distribution suitable for effective use. This conclusion has been repeatedly reached by competent investigators.[2] Nevertheless, due principally to travelers' tales, the prevailing popular notion is that the countries of the Far East, especially China, contain fabulously rich mineral wealth.

In the discussion of this problem confusion may arise unless a scale of comparison is indicated. There are in the Far East many units of mineral resources which seem large in an absolute sense, but which on a world scale must be assigned to a subordinate position. Also, the world scale used for comparison should be that of recent years, for the reason that the demand for mineral resources has so multiplied during the last quarter of a century that it can now be satisfied only by a relatively small number of mineral districts of exceptional size. The result is a marked concentration of the mineral industry in a few places. While in the aggregate other districts may contain vast quantities of minerals, they are so small individually, or so scattered, or are of such a low grade, or involve such high mining costs, that they play only a subordinate part in the satisfaction of present world demands. Much remains to be learned about the world's ultimate resources,

[2] No attempt is made to treat the subject exhaustively in this article. Readers interested in following this subject further are referred to:

"The Iron Ores and Iron Industry of China." By F. R. Tegengren: Memoirs of the Geological Survey of China, Ser. A, No. 2, in 2 parts, with atlas, 1921–1924.

"General Statement on the Mining Industry of China." By V. K. Ting and W. H. Wong: Special report, Geol. Survey of China, No. 1, June, 1921.

Reports of the Imperial Mineral Resources Bureau, London.

"The Mineral Industry." Published annually by McGraw-Hill Book Co., New York.

"World Atlas of Commercial Geology." Part I, Distribution of Mineral Production: U. S. Geological Survey, 1921.

"The Iron Ore Resources of the World." XI International Geological Congress, Stockholm, 1910, 2 volumes, with atlas.

"The Coal Resources of the World." XII International Geological Congress, Toronto, 1913, 3 volumes, with atlas.

"Geology and Mineral Resources of the Philippine Islands." By Warren D. Smith: Pub. No. 19, Bureau of Science, Manila, 1924.

"Certain Iron-ore Resources of the World: China." By H. Foster Bain: Trans. Am. Inst. of Min. & Met. Engrs., vol. 61, 1919, pp. 132–135.

"Recent Development in the Iron and Steel Industry of India." By Charles Page Perin: Am. Iron and Steel Inst., 1920.

"The Mineral Resources of China." By C. Y. Wang: Tientsin Press, Ltd., 1921 or 1922.

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but exploration has gone far enough to disclose many salient features of the mineral geography of the future, from which can be gleaned some of the essential facts of the mineral resource situation of the Far East.

Iron and Coal Resources. In the Pacific region of the Far East the most talked of and significant of the resources to be considered are the coal and iron ore of China. The coal resources, though but slightly developed, are very large, some estimates indicating that they form nearly a quarter of the world's supply. Some of the largest reserves, however, are in remote regions which will be inaccessible for commercial development for a long time to come. The only coking coal available in large quantities for metallurgical purposes is in Chihli, Fengtien, and Shansi in the north, and Kiangsi in the south.

The iron ore reserves of China, according to latest estimates, aggregate 950,000,000 tons, a figure which represents about one-fifth of the reserves of iron ore of present commercial grade in the United States. An analysis of the estimates, however, shows that much of this tonnage may not be considered workable under present conditions, due to inferior grade or remoteness from existing lines of communication, and should not be included in any comparison that is made with reserves of commercial grade existing elsewhere. For example, it includes low grade, banded hematites and magnetites in Manchuria and north-eastern Chihli, running 30 to 36 percent in iron, which must be concentrated before smelting. The feasibility of effecting sufficiently cheap concentration is still to be proved. In the United States and other parts of the world there are large quantities of ores of this class which have not yet been able to compete with the ores concentrated by nature, and which are not included in estimates of commercial reserves. The inclusion of these low grade ores in the commonly quoted figures of China's iron ore resources but emphasizes the real poverty of China in ores of present commercial grade.

The immediately available Chinese ores of commercial grade, not requiring concentration, and not handicapped by remoteness from transportation, are estimated at about 100,000,000 tons, about three-fourths of which are along the Yangste river, and one-fourth in the Hsuan-Lung region north-west of Peking. The first named group, which is well known, has been mined on a modern scale. It would supply the iron and steel plants of the

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United States for less than two years. The remaining reserves will not be able to compete commercially in the world's iron and steel business for a very long time. The present rate of Chinese iron ore production is a million tons or less a year, — less than two percent of that of the United States. Japan now controls commercially about 90 percent of the available reserves.

Obviously, then, the reserves of iron ore now known to exist in China do not warrant the huge capital investment necessary to the building of a great iron and steel industry.

Much has been said about the probability of the existence of great undiscovered reserves of iron ore in China. The best Chinese iron ores are of a type which is hard and resistant to erosion, and therefore outcrop freely. It is true that native methods of smelting favored the use of softer ores, and that the value of the harder ores was not recognized by the Chinese. Nevertheless, there are few records of actual "discovery," in the geographic sense, since China has been penetrated by foreigners. The chances, therefore, of adding to China's iron resources by further exploration are not promising.

Japan is the chief consumer of iron and steel products in the Far East, but its known resources of iron ore are largely confined to one deposit, the Kamaishi Mine, in Riquchu province, with an estimated reserve of 35,000,000 tons. In various additional sources some of the Japanese estimates indicate the existence of 45,000,000 tons more, but this ore is widely scattered and much of it is of low grade. Domestic production has averaged 209,000 tons yearly for the last ten years, or less than half of one percent of that of the United States. Japan also has reserves in Korea, estimated at 4,000,000 tons, and from this source has imported slightly more than the domestic production. Japan's paucity of iron ore explains its activity in acquiring and developing the Yangste deposits of China and its present attempts to concentrate the low grade ores of Manchuria.

Japan is better supplied with coal than with iron ore, but compared with the other principal industrial nations of the world, it is very poorly off. It has exhausted a much larger proportion of its reserves than any other country, and its industrial future is correspondingly limited. For some years the Imperial Steel works have been supplied by mixing Japanese coal with Chinese coal. Much of the coke from Japanese coal is weak and porous. The reserve of coking coal is so small that there has been much

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discussion of a government plan to electrify the iron works, in order to postpone its exhaustion.

The iron ore deposits of the Russian Far East aggregate hardly more than 5,000,000 tons, in scattered deposits. The only coal proved to be of good coking quality is in Sakhalin Island, where the fields are but little developed and good ports are scarce and ice-bound for several months of the year. Both iron ore and bituminous coal fields are insignificant in Indo-China. Siam has a few scattered undeveloped iron ore deposits, but the known coal is mostly lignite. The Malay Peninsula and British Borneo contain some iron ore deposits, but they are only of local importance, the aggregate being not more than 25,000,000 tons.

The situation seems more promising, at first glance, in the Netherlands East Indies, particularly in the south-eastern part of Borneo and in the central part of Celebes. The iron ore in these regions constitutes one of the largest reserves yet known in the Far East; it is estimated at 800,000,000 tons, much of it within easy reach of the sea. But this ore is of the lateritic variety, like that of Cuba and of Surigao Province in the Philippines, — a variety which, because of its content of nickel, chrome, high alumina, and moisture, has thus far presented certain metallurgical difficulties which have prevented its extensive use even in favorable locations. A furnace is now being built by a Dutch syndicate, in coöperation with the Government of the Netherlands East Indies. While there is coking coal in this region, the amount is so limited and of such a low grade that a study is being made of the possibility of electric smelting, as well as smelting with oil residue. There is reason to believe, however, that neither of these methods can be developed much beyond the point of supplying small local needs.

The Philippines contain important deposits of lateritic iron ore, estimated at 430,000,000 tons or more, principally in Surigao, on northern Mindanao. Lignitic coal is abundant, and bituminous coal less so. Coking coal exists in very limited quantities, principally in southern Mindanao. Any iron ore industry which may develop is not likely to supply more than local demands.

It appears highly improbable, then, that an iron and steel industry on the scale of Western Europe or the United States can develop in the Pacific region of the Far East. China, with the best supply of coking coal, does not have enough iron ore of present commercial grade, and the geographic separation of the

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best available coking coal and iron ore is a heavy handicap. Netherlands East Indies and the Philippines have large supplies of iron ore, but very limited supplies of coking coal. Neither the ore nor the coal is of the best grade. Japan, with the largest plant capacity, largest consumption, and the best organization, lacks both coal and iron in sufficient quantities. The scattered supplies of coal and iron in all the other countries of the Far East are insignificant in comparison with the ones named. If all the coal and iron resources of the Pacific region were to be pooled under one operation, the total supplies would be adequate for a large industry; but there would still be heavy commercial handicaps, due to the grade of the iron ore and to the wide geographic separation of the best available grades of iron and coking coal, resulting probably in costs too high for successful competition with the other principal iron and steel producing nations of the world. Disregarding political boundaries, perhaps the best potential combination in the Pacific region would be between the iron ores of the Philippines and the Dutch East Indies on one hand, and the coking coal of the northeastern provinces of China on the other — the whole under the management of the Japanese.

There remains to consider the iron and coal resources of India. Here are large reserves of high grade iron ore, estimated at upwards of one and one-half billion tons. These ores, though considerably less in quantity than the ores of the United States and Western Europe, are far the largest and best of the iron ore reserves of the Far East. It is much less certain that there is an adequate supply of coke in India, notwithstanding large reserves of coal. A committee of the Indian Government, appointed in 1920, indicated the probable exhaustion of the coking coal within forty years, but more recent discoveries are said to have increased the known reserves. (Much of the coal is vitiated by high phosphorus and ash content.) Production of iron and steel is as yet on a small scale, but the capacity has increased faster than has local consumption, pointing to export to Western Europe as the natural outlet. In summary, it may be said that the supplies of raw materials in India are adequate for the growth of a large iron and steel industry. The limiting factors are the small capacity for local consumption and the distance from the principal foreign markets. In the immediate future the mining industry will depend for growth mainly upon exportation, which is another way of saying that it will be dependent upon western industrial centers.

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It is sometimes argued that even if the quantity and quality of the resources in the Far East do not favor the development of an iron and steel industry on a profitable commercial basis, such a development might still be effected, at a cost, for political and military reasons. This argument fails to take into account the fact that such an industry involves huge capital outlays, for thousands of plants, not only those necessary for the primary conversion of the raw materials, but for the finishing and manufacturing necessary to put the iron and steel into the highly varied forms used by the ultimate consumer. The financial strain involved in going much beyond the output determined by normal commercial feasibility would test the resources of even the financially strongest countries of the world, and it is hardly to be expected that the financial resources of the Far Eastern countries will permit much building of this kind.

Oil Resources. The oil produced in the Dutch East Indies, India, British Borneo, and Japan aggregates about 3 percent of the world's production. Of this about half comes from the Dutch East Indies. There are large possibilities for further development, particularly in the Dutch East Indies, in New Guinea, in the Philippines, in China, and in Sakhalin Island. The last named locality, nominally Russian, but under Japanese commercial control, is regarded as particularly promising. But while larger production may be expected in the Far East, there is nothing in sight to indicate that it will ever be a dominant world source ranking with the United States and Mexico, or with south-eastern Europe and western Asia. Local needs will be supplied, and the rest of the oil will be exported to parts of the world where industry is already established. Much of the oil production of the Dutch East Indies has been simply tributary to European demands, and will doubtless remain so. Moreover, in the absence of a general industrial development based on adequate supplies of all the essential minerals, particularly iron and steel, oil development alone has nowhere brought about a high degree of industrialization.

Copper. Japan is the only large producer of copper in the East, yielding about five percent of the world's total in 1924. The size of the copper reserves of Japan promises the continuance of production on the present scale, but little more. Outside of Japan the production of copper in the Far East is negligible, nor is there anything highly promising in sight.

Lead and Zinc. The lead and zinc production of Asia is insignifi-

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cant, the total production in recent years from all countries being four to five percent of the world's total of lead and less than two percent of zinc. The outstanding lead field is the newly-developing Bawdwin district of Burma. There are other undeveloped deposits in China, but there is little hope that any of these will prove to be large, and as yet nothing promises any considerable change in world proportions. If there are to be any important new deposits revealed, present high prices should soon bring them out.

Gold and Silver. Gold is scattered in small amounts through Japan, China, Korea, British India, and the Dutch and British East Indies, but the aggregate yield of them all was only seven percent of the world's total in 1924. Much the same may be said in regard to silver, the total of eastern Asia for 1924 being about four percent of the world's output. The most promising silver development is in the Bawdwin field of Burma, where silver occurs in the lead ore. Gold and silver have been objects of search in the Far East for centuries, with results so unsatisfactory that there are no great hopes for anything better in the future.

Minor Commercial Minerals. The Far Eastern countries produce considerable amounts of minor commercial minerals, though no one country has any strong combination of them. China is the main source of the *antimony* supply of the world, supplying over 75 percent. Ceylon has long dominated the markets for flake *graphite*, but is now overshadowed by Madagascar. Korea is an important producer of amorphous graphite. *Phosphates*, used as fertilizers, are being mined in increasing amounts from various Australasian islands, particularly from Ocean Island (English) of the Gilbert group, the Isle of Angaur (Japanese) of the Pellew group, Tahiti and Makatea (French) of the Society group, and the Isle of Nauru (English) of the Marshall group. The sum total, however, is less than ten percent of the world's production. India produces nearly a quarter of the world's *chrome* ore, being second only to southern Rhodesia. In recent years, also, India has produced between a third and a half of the world's *manganese* ore. The most important *tin* region of the world is in the Malay Peninsula and the adjacent islands of the Dutch East Indies. Siam and China produce minor amounts. These countries together produce about 65 percent of the world's total. Over one-half of the world's production of *tungsten*, an important alloy in steel, comes from China, and about 15 percent from India. This is a comparatively recent war and post-war development.

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Undiscovered Resources. But what about yet undiscovered resources in the Far East? There is a popular notion that it is largely an unexplored area. It may be pointed out that really large mineral deposits usually have some surface or geologic indications, which are likely to be known in densely populated regions characteristic of the Far East. Up to recent years certain minerals like tungsten, and zinc in the form of carbonate, were not recognized by the natives as valuable, suggesting that there are still possibilities for the discovery of ores not previously known as valuable. But as a matter of fact nearly every so-called discovery in recent years has been really a re-appraisal of a mineral occurrence already known. It has been comparatively easy for explorers to go directly to most of the known mineral indications, except in the far hinterland, and their activities for several decades have yielded results far less notable than those obtained by equivalent exploration in the great mineral-producing regions of the world. Liberal allowance is to be made for the fact that, on the whole, exploration in the Far East, particularly in the hinterland, has not yet been nearly as intensive as in western industrialized countries, and that much miscellaneous development of mineral resources is naturally to be expected. But the fact remains that the considerable mass of information already collected has a decidedly negative bearing.

Conclusion. The Pacific region of the Far East is deficient in essential minerals necessary for the development of a great industrial civilization, when considered in relation to their location, grade, and relative quantities. The more conspicuous deficiencies are in iron ore, coking coal, copper, lead, and zinc. India alone has really adequate iron and coal deposits, but even here the supply of coking coal is apparently far less than in the industrial nations of the West. Many of the minerals which are produced in abundance, like tin, tungsten, antimony, graphite, manganese, and chromite, are largely exported to the Western world, for the reason that they are of use mainly in a highly industrialized society and are not in themselves a sufficient basis for industrial organization. Inertia of invested capital will in itself tend to keep the balance of mineral control in the West. If all of the Far Eastern resources could be combined, they would still be far inferior to those of Western Europe or the United States.

This situation cannot be attributed simply to lack of explora-

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tion. There has been exploration enough to disclose the probable main outlines of the future.

In so far as the possession of adequate mineral resources is a necessary basis for building future industrial, political, and military power, the countries of the Far East are proportionally handicapped, — the Pacific region more, India less. Whatever progress there may be must necessarily be of a kind produced by other factors. Supremacy resulting from the possession of mineral resources will remain centered about the North Atlantic. "The white man's burden" is partly one imposed by nature's distribution of raw materials.

It remains to consider the human elements in the problem. It appears, at least up to the present, that the kind of skill, organizing power, and initiative necessary for the effective use of mineral resources is found to a notable degree where the most adeqate resources are found, namely in the countries bordering the North Atlantic. Conditions there have of course afforded the best opportunity for bringing out these qualities. Thence have radiated the influences which have initiated most of the mineral developments in other parts of the world. Whatever the latent capacity of the peoples of the Far East for undertaking mineral developments, the physical conditions do not promise opportunity for rapid progress in its expression. Even though the potential resources were equal, which they are not, it remains to be proven that the human qualities necessary for their use are likewise equal, notwithstanding such conspicuous exceptions as are exhibited in Japan or in the Indian steel industry.

From the standpoint of mineral resources, therefore, we may regard the Far Eastern countries, not as challenging western supremacy, but as calling for our sympathetic coöperation in their contest with unsatisfactory environmental conditions.

World demand will continue to force the development of such resources as exist in the Far East, and this will require that capital and skill be supplied from the world's industrial centers. Japan, in taking a leading part in this movement, is merely doing what other industrial nations are doing the world over. Whatever we may think of the political desirability of this movement, it is a reality, based broadly on civilization's mounting demand for raw materials, and it probably cannot be stopped or even materially slowed up by any action of individuals or of governments.

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HOW THE WORLD COURT HAS FUNCTIONED

By Nicolas Politis

THE creation of the Permanent Court of International Justice marked a tremendous step forward. It gave reality to one of the oldest aspirations of the civilized world, the aspiration for an international tribunal which should be independent, technically qualified and enduring. A first attempt was made in 1899, in the guise of the Permanent Court of Arbitration, which still exists, but which has none of the attributes of a real tribunal except the name. A new attempt was made in 1907 to form a court of arbitration and an international prize court, but it failed for lack of agreement regarding the composition of the court or the choice of judges or the laws to be applied.

In 1920, thanks to the existence of the League of Nations, the obstacles which theretofore had been encountered could at last be surmounted. The coöperation of its two principal bodies, the Assembly and the Council, in the choice of judges, made it possible both to respect the principle of the equality of the member states, by subjecting all the judges to the process of election, and at the same time to satisfy the great powers through the certainty that each will always have on the bench a representative of its own nationality. The judges are chosen by the Assembly and the Council acting together from a list of candidates proposed by the national groups constituting the Court of Arbitration of The Hague.

This arrangement for the coöperation of the two main bodies of the League of Nations avoids all danger of the forming of coalitions. The Assembly and the Council, representing respectively the number and the power of the states, are placed on one plane of equality; in order to secure election, the judges must command the confidence of both.

The Court is composed of fifteen members, eleven of them judges and four deputy judges. At the present time they are drawn from ten European, three American and two Asiatic countries, among them being representatives of all the great powers which are members of the League of Nations, and also the United States, although it takes no part in the League. As they are elected for a term of nine years and are eligible for reëlection

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indefinitely, the judges enjoy an independence which is assured by their immunity from removal, by their possession of diplomatic privileges and by adequate payment.

The Court has been installed in the Peace Palace at The Hague since the beginning of 1922. Although it is only four years old, its activity has already developed to an important extent. It has rendered eighteen decisions, of which six were judgments and twelve advisory opinions. Thus it has accomplished more in four years than the Court of Arbitration in twenty-four years, since it has already dealt with as many cases. Its activity, it might be added, has concerned a large number of states. The eighteen cases judged by the Court of Arbitration have involved sixteen states, eleven of them European, four American, and one Asiatic. The activity of the Permanent Court of International Justice has involved eighteen states, all European; up to the present time no non-European state has come under the jurisdiction of the Court.

In general the work which the Court has accomplished merits the widespread praise which it has received. Its decisions are based on sound argumentation and are written in a clear and calm style, commanding respect and carrying conviction. The spirit of impartiality which they display justifies the hope and the confidence with which the world regards the Court.

Doubtless it is too early to express a final opinion on the value of the Court. But the experience already gained affords a basis for the suggestion of certain modifications and improvements, particularly as regards its composition, its sphere of competence, its procedure, and the international law which it applies.

I

In the first place, the composition of the Court is not entirely satisfactory from all points of view.

This applies first of all to the choice of judges, which is made by all the states members of the League of Nations, and by them alone. This system presents a two-fold peculiarity. On the one hand, there are members of the League of Nations, about one-fourth of the total number, who have not yet adhered to the Protocol establishing the Court and who nevertheless participate in the election of its judges. On the other hand, there are states not included in the League, which either because they are mentioned in the Annex to the League Covenant or simply because

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they have subscribed to the necessary conditions, may avail themselves of the jurisdiction of the Court and yet cannot take part in the election of judges. There is a certain justification for the first of these anomalies in the fact that the members of the League who vote for the judges of the Court without having accepted its jurisdiction, contribute as do all the other members to the costs of its operation. The second could be rectified by the method which has been proposed for the participation of the United States in the Court, or by any similar method which would permit this third group of states to which the Court is open to take part in the choice of its judges and to contribute to its support.

The procedure at present followed in the election of judges also leaves something to be desired. The guiding thought was that the elections should be protected so far as possible from political influence and conducted in such a manner as to make certain that the authority of the Court could not be impeached. This was the reason for entrusting the task of designating the candidates to the members of the Hague Court of Arbitration. It would be an exaggeration to say that, thanks to these precautions, political influences play no part whatsoever. On the contrary, in some cases a previous agreement among certain countries regarding candidates actually has reduced the election to a mere formality. It should be said, also, that when the Assembly of the League is called upon to decide among the various candidates, it is not always sufficiently well informed regarding their respective qualifications. It would be desirable to have a ruling by the Assembly on the procedure to be followed in elections, instituting a preliminary examination of the claims of the candidates by a special commission meeting in secret session. The choices so far have been excellent, it is true; but if future elections were made subject to this sort of procedure, they would be the more certainly freed from any suspicion of political influences.

It has already begun to be evident that as the activity of the Court expands the number of judges must prove insufficient. Provision was made for an increase, and it could occur without any change in the Statutes of the Court, up to a total of fifteen judges and six deputy judges. Doubtless such an increase will take place progressively with the admission into the League of those great powers not yet participating in it.

But a need which was not foreseen and which must be pro-

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vided for in order to expedite the work of the Court, is the broadening of Article 25 of the Statutes, which now requires a quorum of nine members to constitute the Court. It would seem advisable to authorize, in addition to the present chambers of three and five judges, the constitution of other chambers of five and of seven judges, with the right to sit at the same time. In this manner the Court could deal with more cases in the course of one session. There would be no serious danger of destroying the unity of the jurisprudence of the Court, because the same individuals would in turn make up the various chambers. Furthermore, the division of the Court into chambers would provide a remedy for the difficulties at times created by the diverse conceptions of law prevailing in different parts of the world. It was thought advisable to recognize this diversity, and to give it representation, as a guaranty of international justice and as a means of clothing the Court with more influence and authority. This may be necessary in judging cases of inter-continental scope, in which countries of different mentalities confront each other. But experience seems to show that the system is less suited to the judgment of disputes between states of one continent. Apparently disputes of this nature can be judged better by judges having the same conception of law and the same type of mind as the contestants.

The composition of the Court is open to criticism, also, in connection with the participation of judges of the same nationality as the parties to a case. This was considered a necessity, since the contestants are sovereign states which are not yet accustomed to yield to judicial demands. It was feared that they might hesitate to submit their differences to the Court if judges of their own nationalities were not sitting on the bench. But it is no less true that this constitutes an obstacle to the good administration of international justice, for no matter what effort he may make to attain the height of impartiality and the serenity of judgment expected of a magistrate, a judge called upon to consider a case interesting his own country will not always succeed in freeing himself from all national concern. It is a still more serious consideration that his attitude may influence those of his colleagues who have any reason to remember special ties existing between their countries and his. If any of the decisions already handed down by the Court deserve any degree of criticism, it is the cases in which judges of the same nationality as the parties have participated. One cannot avoid noticing that they have

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rarely rejected the contention of their own country, that they have separated themselves from the majority, and that they have insisted on making public their dissenting opinion. Doubtless it was mere chance that their own conviction and the interests of their country coincided. But it unquestionably is embrarassing, for, as the great French lawyer Louis Renault said with infinitely good reason, it is not enough that justice should be just, it must likewise appear to be so.

It is impossible to disguise the fact that progress in this regard will be slow; for a long time we shall have to reckon with the moral weakness of men, and still more with the lack, in most countries, of the international spirit.

At the very least it will be necessary, so long as the system of national judges remains in force, to provide that its application shall not cause any inequality, as may happen now in summary procedure and in advisory procedure, when one of the parties may have on the bench a judge of its own nationality while the other party is not permitted to be so represented. It would be preferable either to replace the national judge with a neutral judge or else to authorize the nomination of a judge of the same nationality as the second party. No inequality of treatment has yet occurred in any actual case in summary procedure. But it has occurred in advisory questions. It is easy enough to say that in such cases there are neither contestants nor a final judgment; that is a theoretical view. In fact, especially when the advisory opinion bears on a question which has already become a matter of legal dispute, there are two states in conflict with each other and only one of them has a judge of its own nationality in the Court. Moreover, although advisory opinions do not have the authority of a final judgment, they do have a high moral import and great practical influence.

II

The Court does not yet possess international jurisdiction in the full meaning of the term. Its competence does not extend to all international disputes. It is limited in two ways, on the one hand as regards contestants and on the other as regards the actions that may be brought.

Only states may be parties before the Court. From this point of view the Court has a truly world-wide character. Its jurisdiction applies at present to sixty-nine states, — to fifty-seven by direct

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right, either because they are members of the League of Nations or because they are mentioned in the Annex to the Covenant, to twelve by virtue of their declaration that they accept the conditions necessary to come before the Court.

It appeared premature to go further and to give individuals access to the Court. An individual injured by the illegal action of a foreign country cannot obtain international justice except by the intervention of his Government, which may agree to take his case in hand as its own. This will not always occur, because such matters may be influenced by political considerations. It may be, for example, that the government of the would-be plaintiff fears to displease the offending country, especially if there is a great difference of strength between them. With international custom what it is at present, it is necessary to have a certain courage, not possessed by all governments, to rise above convention and to appeal to justice.

There is no objection in principle against the bringing of an action directly by individuals. There is only an exaggerated fear of international difficulties. So far as it has any cause, a remedy for it could be found by drawing upon the Convention of 1907 for the establishment of an International Prize Court. This would only accord to individuals the right to bring action directly, subject to the reservation of the right of their government to refuse them access to the Court, or to bring action itself in their stead (Article 4, 2nd and 3rd Par.). With this precaution, the bringing of actions by individuals presents only advantages, even from the point of view of diplomacy, since the government of the individual concerned would be less exposed to conflict with the other government than if it brought action itself, as at present it is under obligation to do for the protection of a citizen whose demand appears absolutely just.

In the end this reform will be realized, for there is a real need for it in international life. Even now individuals who have no other means of securing justice, especially when they are deprived of any legal nationality and cannot procure the protection of any government, instinctively address themselves to the Court, which is compelled by its statutes to refuse to hear them. The first annual report of the Court (1922–1923) gives (pages 153 and 156) an impressive list of such pleas. As their number multiplies, the failure of international justice in this respect will be seen to be so scandalous that measures to bring it to an end will be absolutely imperative.

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The competence of the Court is limited, in the second place, as regard actions that may be brought. In principle its competence is only optional. That is to say, the contestants must agree to bring their dispute before it.

The Court has obligatory authority only in exceptional cases, by virtue of a special provision which gives a member state in certain sorts of cases the right to bring them before the Court without the previous agreement of its opponent. These exceptions are tending to increase. A great number of them may be found in the treaties concluded since the war, particularly as regards matters relating to racial minorities and to colonial mandates, or in recent treaties of arbitration and conciliation. Furthermore, the Statute of the Court (Art 36) gives the members of the League of Nations the opportunity of broadening the sphere of the Court's obligatory competence. They can declare that, as regards any other member of the League accepting the same obligations, they recognize fully and without any special agreement the jurisdiction of the Court for any or all of the classes of disputes of a juridical nature having for their particular object the interpretation of a treaty, any question of international law, or the determination of the reparation due for the violation of an international agreement.

But a repugnance to the exercise of obligatory authority by the Court remains very strong among almost all states. To a certain extent it is unaccountable.

Up to the present time advantage has been taken only rarely of one of the special agreements establishing such obligatory authority. It has even happened that a state called before the Court under these conditions has begun by pleading an exception on the ground that the Court was not competent to act, alleging that the agreement cited in order to summon it did not apply to the particular case. And in such circumstances the Court has hesitated, has divided in taking its decision, and has ended by failing to affirm its own competence except within limits, and only by a majority vote. There is no need to be disturbed by this resistance on the one side and timidity on the other. There is a long course of education to be carried through, both of the governments and the Court itself.

At least there is cause for congratulation in the fact that the right has been conceded to the Court to pass on questions of its own proper competence. Formerly, in the general practice fol-

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lowed in arbitration, governments did not concede this power to arbitors. On the contrary, when they raised any question of doubt as to the competence of arbitors, it was with the assumption of reserving to themselves alone the right of deciding it. Today, while contestants before the Court are free to challenge its competence, as before any other tribunal, it remains for the Court itself to rule on the point whether or not it is competent to act.

Very few members of the League have availed themselves of the provisions of Article 36 of the Statute of the Court. Only twenty-four have done so, and of these only fifteen in final and definite terms. The majority have not been willing to accept the obligation without making reservations which they were not certain that they had the right to formulate. This point was clarified in 1924, during the discussion of the Protocol for the Peaceful Settlement of International Disputes. It was recognized that since they are free not to admit the competence of the Court except in certain categories of disputes specified in Article 36, the states have a still stronger right not to admit it in any of these categories except subject to limitation. With the advantage of this latitude of action, the Fifth Assembly recommended to the members of the League of Nations that they give their adherence to the optional provisions of Article 36, which the Protocol upon coming into effect would have made obligatory. Up to the present time very few states have acted upon the suggestion.

III

Procedure before the Court follows the lines of procedure in ordinary tribunals. It is essentially legal in character. It has been necessary constantly to take into account the international character of the Court's jurisdiction and to reconcile the different systems of procedure followed in the various countries. Consequently there are a certain number of special rules which experience has shown to be not entirely free from disadvantages.

First of all, there is the inconvenience of using two languages — French and English — in all the Court procedure and in the drawing up of opinions. Contestants as well as the Court use one of these two languages, the accuracy of the translations being assured by the pains taken by the Registry. This involves nothing more than a larger expenditure than might otherwise

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be considered necessary. But it is a different matter in oral debate. The obligation to translate each argument, and even to do so by sections, represents more than simply a loss of time. It makes discussion more complicated and deprives it of some of its weight and power to carry conviction. Both judges and lawyers ought to understand both languages equally well, so as to render unnecessary the immediate translation of arguments. It should suffice to furnish the translation after the conclusion of debate, for the use of those individuals who might find a need of verifying the meaning of certain passages which they had not grasped perfectly. This slight reform can be carried out very easily.

Another rule not beyond criticism is that regarding the right of members of the Court which find themselves in the minority when it pronounces a majority decision, to attach to it a statement of their own personal opinion. This right was admitted as a concession to the system of legal procedure followed in Anglo-Saxon countries. Very weighty arguments can be brought to justify it, but the use which has been made of it seems to have revealed more disadvantages than advantages. In principle, it may be true that the publication of dissenting opinions lessens neither the prestige of the Court nor the authority of majority decisions. But it is a different matter when dissenting opinions multiply, contradict each other, attack each other on the grounds of the majority decision itself, and affirm self-contradictory or obviously erroneous theories. Without demanding the abolition of the system, which might be difficult to secure and which also might be attended at present with practical disadvantages, it can be urged that this privilege should not be exercised except with the greatest wisdom and moderation.

Finally, it is desirable for the procedure of the Court to approach much more closely that of regular legal tribunals. It is important, in cases before this Court as before any genuine tribunal, to avoid unexpected developments or inequalities as between the contestants. For instance, it is not logical that when a procedure has been opened on the basis of a compromise agreement, the arguments of the parties should always be presented together. It is easy to understand why it should be so when the Court has to deal with demands from both sides. On the other hand, when demands are presented only on one side, the most practical system would be that of successive argument; the dis-

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cussion thus would gain in clarity and the task of decision would become easier.

Also, the Court's regulations as regards details of procedure are here and there deficient. There is nothing to force a contestant who wishes to plead an exception on the ground that the Court is not competent to act, to state his objection at the outset, before his opponent has submitted his case. From this it results that he can choose the most advantageous moment and also gain by the fact that his opponent has exposed his argument while he has held his own in reserve, which seems hardly fair.

The Court has the power to make its own rules. It is in a position to modify and amplify them in such a way as to correspond to these needs which have been made clear by experience.

When the Court is called upon to examine a case, it acts in accordance with the international law now in effect. It must apply, first, the international conventions establishing rules which have been expressly recognized by the states involved in the dispute; then international custom, taken as evidence of a general practice which is accepted as having the force of law; in the absence of rules established by written convention or by custom, the general principles of law and justice recognized by civilized nations; finally, as an auxiliary method of determining the rules of international law, judicial decisions and the doctrines of the most highly qualified commentators.

The Court cannot give judgments on the ground of equity except after the formal consent of the parties.

In this respect it departs from the idea of pure justice and approaches that of arbitration; but this is unavoidable. Although the Court provides permanent judges, and although in a certain sense it may be said to act according to a law superior to that of the parties to a case, in principle its jurisdiction remains optional. The result is that, like courts of arbitration, it has the right and even the duty of refusing to rule in cases in which international law is obscure or inadequate. For this reason it was prudent to add at the end of Article 38 of the Statute of the Court, that the Court has the right, if the parties to a case agree, to act *ex aequo et bono*.

Improbable as it may seem, there remains a danger that the Court might be forced to abstain from rendering a decision on the grounds that international law is inadequate; it is also to be feared that the deficiencies of international law may constitute

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an obstacle to the extension of the obligatory authority of the Court. To provide a remedy, the jurists who drafted the Statute of the Court recommended that the work of The Hague Conference be continued, with the purpose of defining and codifying international law. But the first Assembly of the League of Nations in 1920 held the view that this work of codification, which it was thus requested to undertake, would be premature and perilous in view of the state of public feeling immediately after the war. It was considered wiser to await a calmer time. This seems now to be approaching. Indeed, in December, 1924, the Council of the League of Nations assigned to a large committee of jurists the task of selecting from the various sections of international law those which could suitably be made the subject of study in diplomatic conferences. The result of these researches will be submitted for the approval of the Council and of the governments of all nations.

Thus, following an example set by the Pan-American Union, we have entered upon a new endeavor full of promise for the progress of international law, and consequently for the development of international justice. The effort for a progressive codification of international law needs every encouragement. In the most serious and dangerous types of disputes the law does not afford at present any rule to follow. Its deficiencies hamper the operation of justice and so endanger the peace of the world. But the work will of necessity be slow. In the meanwhile, international justice cannot make any advance save by becoming accustomed to apply to international relations that theory regarding disregard of law which has achieved such admirable results for the improvement of social relations in other domains.

The importance of these criticisms should not be exaggerated. They do not detract in any essential way from the generally favorable opinion which the achievements of the Court command, nor weaken the conviction that its establishment marks a great advance. If the Court as it exists be compared with our ideal of international justice, certainly it will be said to be far from perfection, since it does not possess a jurisdiction obligatory for all international disputes and since its legal character is not yet finally determined. But it is the type of institution best suited to the needs of the world in its present stage of development, and it opens up a broad perspective for the future.

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GREECE AND THE GREEKS

By Charles P. Howland

THE Greek people are a small nation. In allegiance to their special form of nationalism and the Hellenic Idea they are as homogeneous as any people in the world. Nearly all Hellenes are now within the territory of the Greek state; of the exceptions — the half-million voluntary emigrants to America, the populations of Cyprus and the Dodecanese, of Constantinople and Egypt — only those in Cyprus and the Dodecanese make an irredenta question, and such questions between Greece and England or Italy will have to find some peaceable solution. The land of the Greeks is not over-populated, and they have no inducement towards small-scale imperialism which might affect the course of their history. Their resources are definite in character, limited in extent. These facts should afford grounds for a reasonably safe hope as to the future of Greece — for that brief period of her future, at least, which it is safe for the wit of man to attempt to compass, a period let us say of twenty-five years. The incalculable element in the problem is the extent of the ability of the Greek people to organize their economic and political affairs and to manage them in conformity to the standards and processes of modern industrial civilization.

Those standards and processes grant no indulgence on account of a country's history and the date of its arrival in the economic world. Greece had four centuries of political and economic servitude to the Turks; there followed sixty-five years for the development of a national consciousness, the formation of habits of self-government and the concentration of resources. At the end of this period came a long succession of bitter and costly wars of liberation due to the illogical frontier of 1830, which excluded Crete and all Greek-inhabited territory north of Lamia and the Ambracian Gulf. These wars were accompanied towards the end of the period by fundamental internal political changes which more than once brought the country to the verge of civil war. It is needful to keep these facts in mind; the wars were critical ones for the status, perhaps even for the life, of Greece; they cost much treasure and untold suffering; they involved a question of policy which divided the nation, wrecked a dynasty, and transformed a monarchy into a régime of avowed republican principles; and

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they ended in a major national disaster and the addition to the nation's burdens of destitute deracinated refugees numbering a quarter of the population. The ground-swell does not subside until long after the storm is over, and only tenacious and elastic peoples recover from such convulsions as promptly as did the Greeks. Certainly there was small opportunity in such violent overthrows of fortune for the development of industrial and commercial organization, the standards and processes which it requires, and the political experience in self-government which is essential to its healthy existence.

Foreign critics of Greece should, therefore, avoid austerity. They should remember the eagerness of the Greek to improve himself, and help him to transfer that eagerness to his corporate affairs. American critics, in particular, might bear it in mind that the population of Greece is about the same as that of the City of New York, that its experience in self-government has been often interrupted, that its period of independence has been brief, that the dangers to its existence in that period have been frequent and sometimes critical, that the financial burdens of its frequent wars of liberation against the Turk were heavy, — and then those critics might consider how far they are satisfied with the political and financial record of our metropolis, and its ability unwastefully to manage its affairs. Those who are pessimistic about Greek political and economic stability may recall the stages through which Mexico has recently passed — Madero, Huerta, Carranza, Obregon, Calles — and the present encouraging status of Mexican national development.

The Ægean is a bowl; its islands are the mountain-tops of a sunken Switzerland; its semi-circular rim offers homogeneous conditions for a pushful, trading people, fond of navigation and enterprise, curious of eye, of experience and of intellect. If it were a purely economic world, not cross-cloven by the politics of force, the Greeks would fill the Ægean littoral and that of the Pontus, and do the commerce of the eastern Mediterranean and Black Seas; but events have decided that those who desire to remain Greek citizens must live in the Greek homeland, the peninsula and the islands. While the effect may be to limit their opportunities and the spread of the Hellenic Idea, the sovereignty known as Greece will be the gainer from the concentrated resourcefulness and powers of the million and a quarter Hellenes who once thickly inhabited "the Pontus," the Chersonese, the vilayets of

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Smyrna and Aidin, and were scattered over Anatolia itself and the eastern Ægean littoral as far as Iconium. Substantially all Hellenes are now contributory to the protection of Greece: Greek Macedonia, so long the lodgment of unfusable races, and the breeding ground of savage warfare, has been almost completely Hellenized, and Western Thrace is already two-thirds Greek.

Greece is thus provided with effective frontier populations. No intermixture of Turks or Serbs or Bulgars furnishes any longer an excuse for the "redemption" of inhabitants or territory. The effect of this geographical security upon a sound foreign policy for Greece is evident. Turkey is under-populated and so financially weakened as to be incapable of a considerable military enterprise; the Turk has no sufficient motive for a new war of conquest of European territory, his own international menace looms upon the horizon, and in any case he will be kept busy with home difficulties for a long time. Jugoslavia has minority problems enough without adding to them a Hellenized Macedonia; a "corridor" to Saloniki would be a long and precarious one, and Jugoslavia is not likely to hold out for it if reasonable port facilities are maintained for her. Bulgaria cannot be a military menace within such time as will suffice for the development of new international attitudes and a peaceful Balkan policy.

Greece's need of an army and navy for territorial defence is thus greatly diminished for the first time in her history, and she does not need them to assist a territorial or economic imperialism. The Greeks are a mercantile people, politic rather than aggressive, solvent rather than dominant in character. Non-militant by nature, they are not likely to undertake a war of conquest, nor would they be successful in the management of conquered territory. It would seem, therefore, the obvious policy for Greece to avoid the provocation which comes from an armament race — in any case she could not compete with Jugoslavia, — to relieve herself of the burden of military establishment, to recognize that, as President Masaryk has said, "the safety of the small countries of Europe depends on the moral restraint of the great ones," and to support the League of Nations as the agent for the expansion and expression of that spirit. It is a paradox in seeming only that he would do the most for Greece who would be least insistent on its sovereign prerogative. "Venizelos," says a Greek historian, "owed his grasp of foreign politics largely to the fact that he could envisage Europe as a whole, and, perhaps alone and perhaps first

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of his countrymen, did not regard Greece as the centre of the world." Although his people were unable to see the coincidence of Greek interests and internationalism, the most far-sighted Greek patriots will be the best "Europeans."

Security being reasonably assured, the Greeks are free to apply their extraordinary enterprise to the full development of their economic resources. The first of these is, of course, the merchant marine. The Greeks are much more a people of the Mediterranean Sea than of the Balkan mountains. Most Greek exports, and the greater part of the imports, are now carried in Greek bottoms. The Greek merchant fleet through Saloniki and Alexandropoulis (Dedeagatch) serves many of the export and import needs of Jugoslavia and Bulgaria. Constantinople, which once had the jobbing trade of the Black Sea and Asia Minor ports, is now suffering from marasmus, and cargoes are being broken at the Piraeus and re-shipments made for the eastern Mediterranean. With this increase of trade has come a steady increase of the Greek fleet. Reduced by war losses to less than a quarter of its highest figure, it has grown again and in July, 1925, had reached a new high mark. The Greek, smart sailor man, has capital and experience, and he is athwart the sea-caravan routes of the eastern Mediterranean; the future carrying-trade should be his.

Agriculture is the second major resource of Greece. The soil is rich, and its suitability for special crops gives them a great advantage in the world markets. The dried fruits of the Peloponnese, the delicate wines of the islands and of Attica, cotton from Bœotia, Thessaly and Macedonia, the oil from thirty million olive trees, are all exportable products of high value, and Macedonia newly planted to cereals by the refugees should be the granary of the nation and supply the food-stuffs which have had for years to be imported from Russia and Canada. In the special qualities of her soil for tobacco production, and the skill of her population in working it, Greece surpasses her competing neighbors.

There are, of course, other resources which have potentialities of growth. There is a strong domestic demand for commodities which has caused the development or new establishment of a number of industries in Greece, and the profits they offer have brought home much capital hitherto invested abroad. The income from the considerable Greek wealth invested in other countries, the remittances of Greek emigrants which have been as high as

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forty million dollars a year, and the increasing tourist travel play a part in the "economic balance."

The people thus finitely placed and equipped have definite characteristics. Their "genius" is a positive one, and its weaknesses are in large measure the defects of pronounced qualities — qualities which in their present stage of evolution are not especially suited to an era whose dominating principle is industrial and political organization. The Greeks are energetic and lively, have a high degree of intelligence, intense feelings, a very sensitive nervous organization, a constitutional restlessness and habit of disputation, are volatile in their political allegiances, and do not possess the stolidity or the stupidity, a certain amount of which, according to Bagehot's dictum, is necessary to the best working of parliamentary government. Docile under outside control and sympathetic to instruction, they do not like submissiveness to each other, and often criticise their superiors in organizations, and their restlessness makes them the despair of disciplinarians. "The Greeks never had," says one of their commentators, "the spirit of continuity or of common action which characterized the Roman . . . The Hellene, being in general free from the spirit of domination, never felt the imperious desire for unity. What he did have was the desire to be himself and to be master of himself, and the defect of this quality was the want of . . . constancy. The Greeks never felt the need of subordinating themselves to a great whole."

It is certainly true that political changes have been frequent. Beginning only with the departure of King George on December 19, 1923, there have been the following governments:

Revolutionary Administration, to January 2, 1924.
Venizelos, January 2, for a few days.
Kaphandaris, to March 10.
Papanastassiou, March 10 to July 20.
Kaphandaris (summoned to form a new Cabinet but failed).
Sophoulis, July 20, for ten days.
Michaelacopolous, to June 25, 1925.

Since last June, the army-chosen government of General Pangalos has been in power, and government by a Chamber has been suspended.[1] This is a record of political deliquescence; indeed it is on the basis of this record that the present government has de-

[1] Frequency of change is not a special characteristic of the republican régime; in the early days of the second monarchy there were nine ministries in thirteen months.

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clared that parliamentary government in Greece is a failure and that only an all-powerful single executive can give Greece the stable administration she needs.

Whether this be the needed remedy or not, the ill effects of rapid political changes, interspersed with constitutional upheavals, are obvious: continuity of policy is difficult, continuity of administration becomes impossible; foreign capital, so badly needed by a small country suffering from the war's after-sickness, is distrustful; loans and contracts are difficult to obtain; budgets are hard to balance, and credit declines.

A foreign minister finds it more difficult to negotiate with a weak government than with a strong one, which does not mean a government that takes strong measures but a government which is not afraid of falling under domestic pressure because of taking a conciliatory line in negotiations. The same difficulty exists in negotiation with rapidly changing governments; and if other governments cannot effectively negotiate with Greece, Greece cannot to her own advantage negotiate with them. Internally a rapid succession of governmental administrations is demoralizing to public opinion in that it separates political causes from their consequences and makes a sound public opinion on administrative action impossible; if the consequences arise under a later administration, either the successor may be made responsible for what the predecessor set in motion, or the normal action of public opinion is paralyzed.

There are available means for limiting the effects of such political changes. There is, for example, a need of permanent under-secretaries in the different ministries. Continuity of policy in the government is important, but even more so is continuity of knowledge and technical capacity. A beginning has been made by the appointment of a permanent under-secretary in the Finance Department; the principle might well be generally applied. For similar reasons a permanent civil service, holding successive governments together and representing the permanent tendencies of the people, is indispensable to improvement.

Measures to decentralize power would also be helpful. That national unity which was first attempted in the form of classical Athenian imperialism, and was re-inspired in the nineteenth century by the struggle for national freedom, has been achieved. A contest for control which results in frequently taking down and reconstituting a highly centralized form of government affects the

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administration of the whole of Greece. If the national government is not highly centralized but has mainly coördinating powers, the tendency continually to make it over is naturally abated, and the effect of so doing diminished. An increased local autonomy would restore local initiative, now largely atrophied, for local reforms and local works, and would give critical local scrutiny of local measures and local administrators at the point where both are best understood. Between the admirable military road built by the Germans northeast of Serres in Macedonia and the equally admirable road built by the Allies southwest of Serres is a gap of three-quarters of a mile representing the "No Man's Land" of the Saloniki front in the Great War; one surmises that if local authorities had the responsibility for satisfying a local demand there would be a link between the two. An abatement of control from Athens and of all the intrigues and wasted effort towards gaining that control, ought to lead towards local action and responsibility.

A greater political stability, especially if accompanied by a certain amount of decentralization, would diminish the tendency to experiment with economic heresies, often for political reasons under the pressure of interested groups. Subsidies to special working classes, which have been tried, create a demand for more subsidies; valorization of a special crop leads to more valorization, unbalanced agriculture and unprofitable development, and a burden on taxpayers; efforts to suppress the speculation which is normal to commercial countries make it unhealthy but never stop it; the taxation, regulation and ministerial interference with the tobacco industry in the past has tended to produce an alteration of tobacco and labor crises. Such paternal solicitude is not necessary.

Yet it is true that political restlessness in Greece bears less directly on the economic situation than in almost any other country. The most subversive political change does not make civil disorder. This is evidence that the Greeks are more a commercial than a political people. If you are a "political" people your institutions mean much to you and you will fight for them; a Greek would fight for a national or a personal cause, never for a political institution, and the frequent changes of administration or radical alterations in the form of government have no such significance as they would have in a country of northwestern Europe. When King Otho was deposed in 1862 the damage was limited to the

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breaking of some windows, and no disturbance whatever occurred when King George was deposed in 1923.

Sound public finance is essential to Greece. A rapid increase of national indebtedness, even if incurred for what seem to be capital expenditures, is a hazardous policy. The distinction between a sound economic organization and an unsound financial mechanism which sustains and animates it, presents a warning for other countries than France.

The taxation of Greece is heavy for a country of its size and resources, and must be diminished if the country is to prosper. There are simple and compound income taxes with severe surtax rates; a tax on profits of limited companies, a tax on profit realized from the transfer of real property, and a tax on increased income coming from the increase in value of property, a tax on inheritance and on gifts of property with heavy surtax rates, a tax of 3 to 4 drachmae per stremma for all cultivated land, a tax on net profits from large agricultural enterprises, miscellaneous taxes on the production of tobacco, silk, cocoons, sultanas, olive oil, figs, currants, on mines, forest produce, sheep and goats, on trading and professional licenses, insurance premiums, exemption from military service, education, registration of foreign companies, on patents and trade marks, on stock exchange operations, on hotels, restaurants and museums, advertisements, signs in foreign languages, tourists, steamship fares between Greece and abroad, and registration and stamp duties of all kinds, taxes on the consumption of tobacco, wines, alcohol, malt, acetylene, explosive gas, and electricity, import and export duties, and municipal, statistical and charity taxes connected therewith.

Fortunately, other elements which might seem to give grounds for apprehension exist in Greece only in part. Greece has given an international undertaking not to create any charges on its revenues by way of security for any loans not intended either for productive purposes or for carrying out its obligations under the treaties of peace, and revenues cannot, therefore, be pledged for current obligations or to balance budgets. Furthermore, a force making for financial stability will be found in the great increase of the investment of Greek fortunes in the country. Thanks to the integrity with which gold payments on the foreign debt have been maintained under the International Financial Commission, the "external debt" of Greece, two-thirds of which was once in the hands of foreign investors, is now to the same extent in the hands

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of Greek citizens. Greek capital invested abroad has also been coming home to seek the large profits open to domestic industrial enterprise. In 1923 forty-one new enterprises were launched; in 1924 seventy-seven with a capital of 120,000,000 drachmae; and existing concerns made large increases in their capital. Managers of such enterprises, stockholders, the banks which finance their needs, will of course have the strongest interest in the stability of public finance and a powerful influence in bringing it to pass.

The commercial standards of the eastern Mediterranean had an Asiatic origin, and have been too oriental in their character to satisfy the merchants of western Europe; the traders have been not infrequently so eager for gain as to exhibit an inferior commercial morality and to injure their own permanent interests. But this is a case where practice makes principle. In commerce, at least, "morals," as Morley said, "is the doctrine of things as they are," and the commercial intercourse of the Greeks with western Europe, which has already raised the Greek standards, should in time approximate them to those of the great trading nations. It is not a difficult lesson to learn that honesty is the best policy, that goods ought to correspond to sample, and that a satisfied customer means business and profits in the future. The Greeks have an alert understanding of their own weaknesses, and of the educational means for correcting them. As their commerce develops they are likely to look more and more towards the nations of western Europe because they desire the same scale of living for themselves, and their adaptability should stabilize their economics and have in turn a secondary repercussion on their political practices. Characteristics which severe critics assume to be ineradicable weaknesses may conceivably disappear under the influence of the Greek ambition for a higher economic welfare.

As the Greeks have had a longer practice in the art of living than in administration, the social attitude of the average Greek government is superior to its administrative experience, organization and technique. The general tendency has been towards liberality in the permission of free speech, of public discussion, and of newspaper publication, which with all its faults of slander and misrepresentation is better in the long run than a repressed press. Greece is reasonably certain to remain, as the encyclopædia says, "the only country in the Balkan Peninsula in which the government cannot count on securing a majority by official

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pressure at the elections." A Greek Fascist party is therefore a paradox to those who know the Greek character. Zeus was only one of a hierarchy and held council meetings whose decision was apparently superior to any fiat of his own.

This equalitarianism has fortunate practical results in Greek agrarian policies. Insistence on equality in land ownership existed throughout the whole classical period. Venizelos gave expression to the same instinct in the adoption of an agrarian policy which has been followed by all subsequent administrations. Not only have the estates of the departing Mussulmans been divided among refugees and natives, but the domains of large proprietors, including some of the most influential and richest men of Greece, have been freely expropriated and divided among the native and refugee cultivators. The cultivator in Greece now owns the land, and that conservatism and slowness of movement which is one of the "virtues of a tyrannical passion" for the land should create a social stability and the foundations of a greater political stability.

To summarize, then, the resources of Greece are definite and sufficient for the prosperity of her people, and their social policy gives the prosperity a general distribution. The extreme individualism — Ἀτομισμος — of the Greek disinclines him to personal or organization control, and his effervescent temperament and tendency to oscillate between intense activity and repose make the political future a problematic one. It is an open question whether the Greeks can subordinate their nerves and emotions to their excellent understandings in the fashion required for the successful working of democracy. Politics and economics being closely interwoven in a small centralized state, the effect of domestic political instability on economic welfare would be pronounced, were it not that from his very individualism the Greek derives a vitality and resourcefulness which pull him through difficulties, whether those of fate or of his own making. "If the Greek nation were reduced to the island of Ægina," said a representative of the League of Nations, "I should still be confident that it would rise again to its full national life."

In external relations the best intellectual leaders of Greece show a strong bias towards a thoughtful internationalism, and the people are disposed by instinct and interest to follow that lead. The nation is not aggressive, does not instinctively lust for combat or for territorial aggrandizement, is inclined to pacific

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pursuits. Though southeastern Europe has not entirely ceased rocking from a succession of wars and territorial changes, the present security of Greece is reasonably established. An energetic and persevering policy of conciliation towards her neighbors will bring the moral opinion of Europe to her support, and Greece may measure the value of that opinion by the assistance which the League of Nations has given her in solving her crushing refugee problem.

This paper has dealt with the material side of Greek life, but there are other elements of welfare not dependent on the most complete realization of economic prosperity. The Greeks are persuaded that they form a single "family"; they have a belief in the destiny of their race which has carried it out of bondage and through extraordinary dangers. Their wealthy men make gifts and legacies to the nation in a way which is not paralleled in the rest of Europe. The people are cheerful, tactful and responsive, hospitable to strangers, kind to dependents, thoroughly democratic in their dislike of class distinctions and titles; the snob is unknown among Greek social types. Habits are temperate, family life is united and affectionate, and harshness in personal relations is exceptional; the common temperament is optimistic with a youthful buoyancy. They take a greater pleasure in the pure process of thinking than most other races, and a people which has such intellectual enjoyment is capable of high results, especially in the field of speculative activity. When the ancient Egyptians were questioned by Herodotus as to the reason for the periodic inundations of the Nile, the Egyptians could make no answer, never having formed any hypothesis as to the most important feature in their national economy; but the Greeks, for whom the question had no practical concern, had already imagined three hypotheses, and Herodotus discusses those in order to propose a fourth.

In short, the Greek, like the Frenchman, is interested in life itself, in beauty, in the satisfaction of the intelligence and of the senses in their higher development. He has, as of old, the desire to be a rounded human-being, to be *maître de soi*. That is the flame of the Hellenic Idea, and who shall say that it is a motive inferior to that provided by the latest forms of industrial civilization?

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AMERICA'S POSITION IN RADIO COMMUNICATION

By James G. Harbord

HAVING been dependent for many years on the courtesies and whims of foreign governments for communication facilities, especially in time of war, the Government and the business world of the United States have long desired direct channels of world-wide communication independent of foreign control. The only practical way to accomplish this was by establishing an extensive American system of radio-telegraphy. Within the past six years, American private enterprise and initiative in this field have brought about a development that stands without parallel, and have given America direct communication with Great Britain, France, Italy, Germany, Holland, Poland, Sweden, Norway, the Argentine, Japan, Java and Hawaii, which before long will be extended to Brazil, Chile, the Philippines, China, French Indo-China and Australasia.

This American system is comparable in its extent to the great British cable network. More than half a century ago Great Britain began to lay the submarine cables which now connect it with the Americas, Africa, Asia and Australasia. This development was due in large part to the needs of commerce and defense for the British Empire. The predominance of England in the cable world and her control of practically all the systems is due to the foresight of both the British Government and of British capital in anticipating the rôle that cable communications would play in the development of commerce. They preëmpted the cable field, took the leadership in the arts of cable manufacture and operation, and dominated the essential supply of gutta-percha. The extent of her proprietorship gives England control of the cable communications of the globe, and in time of war that country is as much the mistress of the cables as she is of the seas. Moreover, when communications are relayed through a third country, there arises the thought, often unjust, that such relays afford the intermediary country certain political and commercial advantages.

American-owned cable interests have displayed great and patriotic energy in extending their own systems, especially to Central and South America, the West Indies and the Orient, but

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the supremacy of Great Britain still remains unchallenged. It is indeed scarcely possible to develop an American cable system comparable with the vast network that spreads out from the British Isles. Even were the enterprise undertaken, it could not provide the same direct communication, for, unlike the widely scattered British Empire, we do not possess the necessary landing places on territory of our own. With few exceptions, American cables must land on alien shores, and in the event of hostilities — be we either belligerent or neutral — would be subjected to annoying censorship, with corresponding delay or even complete interruption of service. From an economic standpoint, again, cables paralleling and competing with the British system would entail needless and unprofitable duplication of facilities.

For many years American business was satisfied with its markets at home and did not appreciate the opportunities offered abroad. The absence of ample and uncontrolled communications meant little or nothing to the American business man and American capital saw no opportunity for profit in investments in cables. In the early part of this century, American business began to seek foreign fields. But though it felt the necessity of direct and quick intercourse with foreign markets, the gravity of the situation was not fully impressed upon our people until the World War. The United States then discovered the disadvantage of foreign control of cables. The necessity of a telegraph service of our own became apparent to both the Government and the business community. The inconvenience of depending on a system controlled in peace or war by any foreign nation in accordance with its own wants or desires emphasized the need for direct communication between the United States and the various countries of Europe.

In the seven eventful years which have followed the World War, years replete with problems of reconstruction and readjustment of political and economic conditions, the United States has learned that it must unceasingly seek world trade if it is to maintain the commercial and financial supremacy which it gained during that conflict. As a result of the war, our production facilities were vastly increased and we could no longer absorb the output of our factories and farms. We were confronted by the necessity either of diminishing that output, limiting our industrial and agricultural development to the capacity of our domestic market, or of seeking in overseas trade a field sufficient

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for our surplus production. The latter was the only logical solution of the problem and the only one in accord with our character and traditions.

To-day the American business man has come to think of his market as situated not only in the United States but in Europe, Central and South America, Japan, China, the Near and the Far East. He must have world-wide communication, and its channels must be direct, reliable, inexpensive, uncensored, free from foreign interference or intentional delay — in a word, entirely American. A system passing through other lands and requiring a relaying of traffic is inevitably subject to delays, interruptions and uncertainties in time of peace, and much more in time of war when quick communication is of vital importance. Fortunately, technical advances in radio-telegraphy have reached such a point that it is feasible to span the vast distances of the oceans separating the United States from its foreign markets by direct radio circuit.

Radio-telegraphy, due to the genius of Marconi, made its appearance during the closing years of the last century and was first used as a means of telegraphic communication between ship and shore, and between ship and ship. In New York Harbor, in October of 1899, he demonstrated to America the practicability of his system. For a number of years the distance that could be spanned by radio was so short that it was restricted to marine use. Radio coastal stations were constructed in growing numbers and the list of ships equipped with radio increased from year to year, till it has become an obligatory part of the equipment. Many times wireless telegraphy has been the means of saving human life, of bringing aid to vessels in distress and lessening the perils of those who go down to the sea in ships. It is now an invaluable aid to navigation.

In 1902 Marconi sent the historic SSS across the Atlantic from the west coast of Ireland to Nova Scotia. In 1907 the first transatlantic radio circuit was initiated by the English Marconi Company and a year later this circuit was opened by it to the public for communication between England and Canada. In 1911 it was extended to the United States through the American land-line telegraph companies. Although the service in those days was not as efficient and reliable as that of the cable, which had had a period of more than fifty years in which to develop, it demonstrated the commercial possibility of radio as a means for

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long distance communication. The technical difficulties that had to be overcome before it was available were many and formidable. Only after American ingenuity and inventiveness had produced and developed to a state of commercial usefulness the high-frequency alternator and the three-electrode vacuum tube, did an American world-wide system of radio-telegraphy become a possibility.

Meanwhile, the British Government fostered a project for a chain of radio stations to girdle the globe and to connect all parts of the British Empire by direct circuits to London. With the coöperation of the British-controlled Marconi Wireless Telegraph Company of America, several powerful stations were constructed in the United States and one in Hawaii, and plans were made to extend the network to South America and China. But the pioneers in transoceanic wireless telegraphy were confronted with the formidable competition of the well entrenched system of cable communications. Had they realized their ambitious plans, there would now be two British systems, one cable, the other radio, spanning the earth, both supporting the British endeavor to dominate the world's communications. Although they would compete with one another commercially, British ownership would render them invaluable agents for British supremacy in finance and business.

The present imperial chain of radio stations contemplated since 1919–20 is a revival of the project. The British Government will own and operate it but the earlier idea of a direct circuit from London to the farthest dependency has been given up for a chain with much shorter links extending from London eastward to British South Africa, Egypt, the Near East, India, China, the Far East and Australia, and westward to Canada.

Great Britain was not alone in projecting a widespread wireless system. In 1913 Germany, influenced both by military and commercial considerations, planned a series of radio circuits to extend from its great stations at Nauen and Eilvese to Sayville in the United States, Alaska, South America, Africa, to the Near and Far East, to Australasia and to China. Taking into consideration the state of technical development at that time and the distances between some of these stations, occasional communication at slow speeds was all that could be expected, so they would seem to have been intended for propaganda and for military purposes rather than for commercial use.

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The World War disrupted this ambitious plan almost at its inception.

France also has a far-reaching scheme which is not planned entirely along commercial lines, as it is intended primarily to keep her dependencies and colonies in direct touch by radio with the seat of government. Several powerful stations have already been built and more are in process of erection. It is interesting to note that in the commercial part of the French and German projects greater weight is given to the value of South American traffic than in the British project.

The possibility of an extensive American system was first publicly suggested at a joint meeting of the Institute of Radio Engineers and the American Institute of Electrical Engineers held in New York City in February, 1916. A paper was presented which outlined the activities of the Navy Department in establishing a network of radio stations extending from the United States to the Canal Zone, to Honolulu and the Philippine Islands, and which proposed to use these stations for commercial as well as military purposes and to connect them with stations in Central and South America. During the World War the Navy Department took possession of all stations in the United States and its dependencies and operated such of these as it needed for both Government and commercial business. It was during the period of the naval operation of these stations that the Alexanderson high frequency alternator and improved radio receivers made wireless communication over great distances for the first time continuous, dependable and economical, — in other words, commercial.

Subsequent to the war, in 1919, conditions in the field of radio development in the United States were such that, if progress was to be made, a unification of existing interests was essential. This unification was effected, at the suggestion of the Navy Department, by the organization of the Radio Corporation of America, which purchased the stations and other property of the British-controlled Marconi Company of America, brought together the rights under important United States patents covering radio, and initiated direct commercial radio service across both the Atlantic and Pacific. The number of countries with which the United States is now in direct communication has been increased from five in 1920 to eleven in 1926 and four more will be added to the list in the near future. New York has

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become the center of radio communications as London has been that of cable communications. As a result of radio competition, cable rates have been lowered and the service improved.

In most countries electric communication systems are owned and operated by governments primarily in order to meet their political and military needs rather than the commercial requirements of their citizens, and for government use rather than for an adequate return on the capital invested. In other countries there are privately owned electric communication systems, operated with a view to meeting the needs of the business community, but the return on invested capital is restricted by arbitrary government limitation. In the United States electric communication systems are operated by private companies with a view to giving the maximum service to commercial interests and securing for invested capital a reasonable return, limited by competition and governmental regulation of rates.

In the United States, any system of electric communication open to general public use is of necessity a species of public utility. As such, certain privileges are extended to it by the municipal, state or national authority which licenses its activities. These privileges may include a grant of exclusive use of public highways and property, and the right to occupy and use private property after adequate compensation. Radio communication systems must of necessity use the ether. The White and Dill bills now pending in Congress declare that that part of the ether in or above the territorial limits of the United States is the property of the American people and can only be used by license of the Secretary of Commerce.

This same doctrine regarding the ownership of the ether is maintained by most nations and has become a part of international law. The ether in or above parts of the earth not subject to the jurisdiction of any nation should be free to international use, in the same way as the high seas. The question of regulation of its use is one for future international agreement. The number of channels available for high-power long-wave radio-telegraphy is quite limited, and as yet they are the only ones suitable for reliable commercial communication across the oceans. The use of short waves for successful long-distance commercial communication is still a problem for the future. Long-wave high-power stations represent investments of millions of dollars. Obviously it

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is both inexpedient and economically impractical to have more than one such system for each country on account of the limited number of ether channels available, the large amount of capital required to build these stations, and the constant need of new capital for improvements and replacements of apparatus due to the rapid rate at which radio equipment becomes obsolete. Unless existing systems receive some degree of governmental protection from unnecessary and uneconomical competition, and unless capital has some assurance of the continuance of this protection, the future of an American world-wide system is imperilled. The Government and the business world might then be left without ample uninterrupted international communications in time of war or the threat of war.

Our government, in its control of public utilities, has recognized the distinction between regulation and management, which has become a rule of law established by decisions of the Supreme Court.[1] The position of the United States on the subject of ownership and management of electrical systems of communications was ably set forth by Mr. Allen H. Babcock, delegate of the United States to the Inter-American Conference on Electrical Communications held in Mexico City in July, 1924. He said:

> "The issue which has developed in this conference is fundamental: viz. The extension of electrical communications by Government ownership versus the development of such communication under private ownership and management.
>
> "In accordance with the provisions of its Constitution, there are certain fundamental principles to which the United States has always adhered. These principles form the basis of its national policies and must be observed by the United States in its international undertakings and agreements.
>
> "The United States, while recognizing the right of each government to determine its own policy with regard to the ownership and operation of its electrical communications, advocates the principle of private ownership and management, subject to just and reasonable governmental supervision. This is the basis upon which the comprehensive communication systems of the United States have been developed. In the United States measures adopted for the protection of public interests conform with the principle that the governmental supervision of private enterprises must be general in character and must not deny or unduly interfere with the rights of management inherent in the ownership of property.
>
> "The United States believes that Inter-American Electrical Communi-

[1] Atlantic Coast Line v. N. Car. Com'n, 206 U. S. 1, p. 20; Wisconsin N. & P. R. R. v. Jacobson, 179 U. S. 287, p. 297; Lake Shore, etc., Rwy. Co. v. Smith, 173 U. S. 684, p. 697.

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cations can best be extended and improved by encouraging private initiative and the investment of private capital in that field. Capital invested in electrical communication systems should be adequately protected, and the owners should not be deprived of their property without just compensation.

"The United States is not in accord with any policy which fixes arbitrary rates or prescribes the bases therefor, without due consideration of the effects of such rates on the service to be performed.

"On matters relating to technical requirements, traffic regulations, operating methods and procedure, and other matters pertaining to details of management, private enterprises should have the right to make suitable arrangements with governments, and others; provided that such arrangements are not inconsistent with the proper discharge of public obligations undertaken by such enterprises."

It is evident that the Government function begins and ends with the protection of the public interest, and that so long as this is safeguarded the Government is not concerned with matters pertaining to management. This principle has been generally accepted as a national policy in accord with the best interests of the American people and has been frequently affirmed as a correct statement of established law.

The Government of the United States was not a party to the St. Petersburg International Telegraph Convention of 1875 or the Lisbon Revision of 1908. Our Government sent delegates to the Paris Conference of 1925 for the revision of the International Telegraph Regulations, but did not adhere to the revision made there. When it became known at this conference that the United States had issued an invitation to the powers for a conference in Washington, to consider not only the revision of the London Radio Convention of 1912, but also the entire subject of international radio regulation, the Paris Conference decided to leave to the coming conference the discussion of all radio questions except that of point-to-point telegraphy. It expressed a wish that at the termination of the Washington Conference another assembly with full diplomatic powers be convened to combine the existing Telegraph Convention and the convention to be prepared by the Washington Radio Conference in one convention governing the communication systems of the world.

The London Radio Conference of 1912 drew up a convention and set of international regulations covering the use of radiotelegraphy between ships and between ship and shore. Our delegates signed this convention with the following reservation: "The Delegation of the United States declares that its Govern-

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ment is under the necessity of abstaining from all action with regard to tariffs, because the transmission of radio telegrams as well as that of telegrams in the United States is undertaken, wholly or in part, by commercial companies or individuals."

Those parts of the regulations which were not in conflict with the reservations of the United States have been enacted into Federal law. The great advances that have been made in radio-telegraphy since 1912 have rendered many of the provisions of the London Convention and Regulations obsolete. Since that date, many new radio services have come into existence, such as transoceanic and long-distance overland telegraphy, broadcasting, telephony, meteorological services, ice warning services, direction finding stations, time services, which are not covered by international agreement and regulations. It is evident that the contemplated Washington Conference will have many difficult controversial subjects to consider. In addition to revising the London Convention and Regulations of 1912, it will undoubtedly be called upon to legislate on point-to-point radio-telegraphy and radio broadcasting, including press messages; on radio-telephony, including broadcasting; on the allocation of frequencies for all classes of service; on the elimination of interference as far as practicable; on distress messages, in order to take cognizance of the latest technical developments; on radio aids to navigation; and other international uses of radio.

The Washington Conference cannot be considered completely successful unless the United States adheres to the convention which it is to prepare. In my opinion, it is essential to its success that recognition be given to the position of the United States on the subject of the regulation of electrical communications. This position is that the United States has the power to regulate privately-owned electrical systems only "so as to insure fair remuneration and prevent extortion, to secure substantial equality in like cases, and promote safety, good order and convenience. But, broad as is the power of regulation, the State does not enjoy the freedom of an owner."[2] The United States cannot interfere in the managerial or operating functions of an electrical communication company so long as it conducts its affairs in accordance with the provisions which the United States has power to impose upon it under this rule of law.

Previous telegraph and radio conventions have failed to

[2] 236 U. S. P. 585.

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recognize the position of the United States. Our Government has not found it expedient to give its adherence to them, since it would deprive our operating companies of the freedom of action permitted by law and vouchsafed by the Constitution. If provision is made in a new convention to enable any administration or operating company authorized under the laws of any signatory to make suitable arrangements with any other administration or operating company, under the laws of its country, concerning questions of management, including traffic regulations and operating rules and methods to be used in international radio service and other matters not inconsistent with the provisions of the convention, I believe the objection to American adherence will disappear. The United States, as far as I know, has never requested other nations to adopt its doctrine on the ownership of communications. It has simply stated its position, at the London Conference in 1912, at the Washington Conference in 1920 and at the Inter-American Conference at Mexico City in 1924, and asked that it be considered.

If the right of American private communication companies to conduct their affairs under the laws of the United States is recognized, I am confident that it will be entirely feasible to formulate a convention and set of regulations which will take into account the advances recently made in radio-telegraphy and the many new services it has placed at our disposal, and which will prove acceptable to all the nations.

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JAPAN AND AUSTRALIA

By E. L. Piesse

FOR a generation past, Australia has regarded Japan with suspicion and at times with alarm. Australian public men, with few exceptions, have viewed her growing strength with apprehension, and more than one important step of Australian policy has resulted from their fears. In an Australian weekly of wide circulation Japan has constantly been the subject of articles and cartoons which have depicted her as the future invader of Australia. Other papers given to sensational methods have found it easy to work up a Japanese scare. The general public, it is safe to assert, has usually been prone to nervousness of Japan.

Before the war of 1914–1915, Australia's attitude to Japan was influenced mainly by the determination to exclude Japanese workmen and settlers, and by the belief that Japan was engaged in spying on our defenses and natural resources. Australians have been accustomed to suppose that she needed an oversea outlet for her population, and that our exclusion of Japanese immigrants excited great indignation in Japan. Accordingly it has been believed that she planned a forcible occupation of Australia or of the less populated parts of it, and the presence of supposed Japanese spies seemed to confirm this fear. After the outbreak of the World War, the occupation by Japan of the island groups in the Pacific north of the equator, and the Japanese proposals at international conferences for the recognition of racial equality, as well as her maintenance of armaments which seemed too large for use in home defense, kept these suspicions active. In short, Australians have come to think that Australia had a leading place in the plans for future territorial expansion which it has been the fashion to attribute to Japan. It is the object of this article to trace how this attitude has arisen, and to discuss what justification there is for it.

Australia took little interest in Japan or the Japanese until about thirty years ago. We had been concerned with the Chinese since the days of the gold diggings in the middle of the nineteenth century. The immigration of Chinese had excited much opposition, and between 1880 and 1890 Acts restricting it were passed by the Parliaments of all the Australian colonies. But it was not till nearly the end of the century that there was any anxiety about

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the Japanese or any action against them. Indeed, in earlier years there were official efforts to bring them to Australia. In 1876 the Government of South Australia approved a scheme for bringing Japanese farmers to the Northern Territory, and sent an agent to Tokyo to negotiate with the Japanese Government. The good fortune of some Japanese divers who drew the winning horse in Tattersall's sweep on the Melbourne Cup of 1891 and received a prize of £22,000 is said to have attracted much attention in Japan to Australia. At the census of that year only about 400 Japanese were recorded, but during the 'nineties, with the approval of the Government of Queensland, large numbers were brought to the pearl fisheries of Torres Straits. By 1900 the Japanese population of Australia reached its peak — between 4000 and 5000. A few years earlier Japan had given China a severe defeat, and Australians, who hitherto, except for a short-lived Russian scare in 1885, had thought of their country as far removed from any danger of war, were beginning to turn their thoughts to the new power in the north.

By this time, also, there was general concern throughout Australia at the political and social dangers of the continued immigration of colored peoples, and the maintenance of "White Australia" had already emerged as the cardinal principle of our external policy. At a conference of Premiers of the Australian colonies in 1896 it was decided that the colonies should not adhere to the Anglo-Japanese Commercial Treaty of 1894, as adherence would give the right of entry to Japanese; but that on the contrary bills should be presented to the Colonial Parliaments for extending to all Asiatics the restrictions already placed on Chinese. The Government of Queensland, however, did not carry out these decisions. It adhered to the Treaty, but subject to a supplementary agreement which recognized the right of Queensland to regulate the immigration of Japanese laborers and artisans. To ensure that laborers and artisans should not come, a "Gentlemen's Agreement" was made between the two Governments.

This agreement is of interest as being the forerunner of similar "Gentlemen's Agreements" afterwards made by Japan with the Government of the Commonwealth of Australia and with Canada and the United States. By it Japan undertook to issue passports only to Japanese of the classes Queensland was willing to admit, and Queensland undertook to admit without question Japanese holding passports issued by their Government. In the course of

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the negotiations with Queensland the Japanese Government made a declaration of its attitude to the foreign control of Japanese immigration. It is worth quoting, as this attitude has been maintained ever since. "The Japanese Government," wrote the Japanese Foreign Office, "entertains no objection to the wish of the Queensland Government with regard to the issue of passports to Japanese travellers proceeding to that Colony, with the object of restricting the entrance of Japanese laborers and artisans, if the restriction in question is to be applied to all foreigners. But if the intention of the Queensland Government is to make a distinction as regards Japanese subjects only, and subject them alone to this restrictive treatment, the Japanese Government must hesitate to further the wishes of that Government." It is in the distinction here made between restriction on equal terms of immigrants of all races — to which Japan has not objected — and restriction of Japanese only, that the key to Japanese policy regarding immigration for the past thirty years is to be found.

Several of the Colonies passed bills to exclude colored immigrants. These bills did not receive the Royal assent, and at the Colonial Conference in London in 1897 the British Government stated its objections to an absolute prohibition of colored immigration, but proposed that a language test applicable to immigrants of any race should be used to exclude undesirable persons.

The difficulties surrounding the control of immigration, and the need for common action regarding it, were among the causes that led in 1901 to the federation of the Australian Colonies to form the Commonwealth of Australia, and one of the earliest measures announced by the Commonwealth Government was the Immigration Restriction Bill. In May, 1901, before the Bill was introduced, the Japanese Government expressed the view to the Commonwealth Government that a mutual agreement was preferable to legislation, and it offered to discuss any proposals to that end. It urged that legislation should not involve unfair racial discrimination, and that Japanese should be treated as Europeans. It stated also that it "had no desire to send the working man to Australia." About the same time the Japanese Consul in Australia wrote to the Prime Minister of the Commonwealth that, "My Government recognizes distinctly the right of the Government of Australia to limit in any way it thinks fit the number of those persons who may be allowed to land and settle in Australia, and also to draw distinction between persons who may or may not be

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admitted. As Japan is under no necessity to find an outlet for her population, my Government would readily consent to any arrangement by which all that Australia seeks, so far as the Japanese are concerned, would be at once conceded."

The Immigration Restriction Bill, however, was introduced into the Commonwealth Parliament and the Prime Minister did not hesitate to say that it was aimed specially at the danger from Japan. The Bill authorized the putting to any person desiring to enter Australia of a dictation test in a European language. The Japanese Government protested both to the Australian and the British Governments, but the bill became law. It was administered tactfully, however, and in 1905 it was possible to arrange a sort of "Gentlemen's Agreement" with Japan, similar to that which had been made by Queensland. Under this arrangement, which has worked smoothly ever since, Japan issues passports for Australia to none but merchants, students and tourists, or Japanese of other occupations (such as those employed in pearling) who have obtained prior permission from the Commonwealth Government, and Australia admits Japanese holding passports without the dictation test being put to them. In the same year the Immigration Restriction Act was amended so as to allow of the test being given in any language, and not only in a European language. There is thus no appearance of discrimination on the face of the law, and as the actual arrangements for carrying it out in regard to Japanese subjects were made in an agreement into which the Japanese Government entered voluntarily, it can be said that the "face" of that Government has been "saved." [1]

There is no ground for thinking that the existing law and its administration are unsatisfactory to the Japanese Government. If it has found any reason for dissatisfaction in the knowledge that, while the entrance of Japanese is subject to control, persons of white race have been admitted without passports and without inquiry as to whether or not they were merchants, students or tourists, that dissatisfaction must have been diminished by the

[1] The following figures of the number of non-whites and half-castes (other than aborigines of Australia) recorded at the last four censuses show that the Immigration Restriction Act has achieved its purpose:

	1891	*1901*	*1911*	*1921*
Chinese	38,100	33,600	25,800	20,800
Japanese	400	3,600	3,600	2,900
Others	3,700	14,800	12,900	13,300
Total	42,200	52,000	42,300	37,000

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restrictions lately imposed by the Commonwealth Government on the entry of Maltese (who are British subjects) and other peoples of southern Europe.

In no country did the success of Japan against Russia in 1905 produce a greater impression than in Australia. That war revealed to us a power with vast and efficient armaments on land and sea, distant only 2000 to 3000 miles from our northern coast, its population of unexampled patriotism, ten times as numerous as ours and already as large as its resources seemed able to support. Only four years before, we had adopted a policy with which Japan had recorded her "high dissatisfaction." Australian opinion was poorly informed of Japan's history and economic position, and it seemed natural to suppose that she might desire an outlet to the south, and that our policy of restricting immigration would give her a pretext for fastening a quarrel on us. In this state of mind Australians began to hear rumors of Japanese espionage in two areas of great importance for our defense against an invader from the Pacific — the coast to the north of Sydney in New South Wales, and the Great Barrier Reef which stretches for over a thousand miles along the coast of Queensland. Doubtless the rumors grew in the telling, but there seems no reason to doubt that between 1905 and 1910 a number of Japanese did busy themselves in these localities in collecting information useful to the naval and military staffs of a foreign power. If it be taken for granted that these men were in the pay of their country, we assume no more than it is well known Japan did in many countries. It was an era of espionage, by Great Britain and Germany, to name no others, as well as by Japan. All over the world nations were engaged in collecting naval and military information regarding other states, no matter how remote might be the likelihood of any quarrel between them. Indeed the practice was so general that the presence of one country's spies in another country was of very slight value as evidence of any hostile intention. Australians, however, had had little previous experience of being spied upon, and were not disposed to qualify their impressions by any general reflections on the significance of espionage in general. It was taken for granted that Japanese had been sent by their Government to spy on Australia, and that this was a preliminary to the making of plans and to a subsequent attack. So the habit became fixed of regarding Japan as our future enemy. This attitude toward Japan led in 1909 to the adoption of compulsory training of all youths for

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military service (it is still the principal obstacle to the generally desired abolition of compulsory training) and was responsible in large part for the formation in 1910 of an Australian navy separate from that of Great Britain.

Quick as was the response of Japan in 1914 to Great Britain's call to her to join in the war in fulfillment of her obligations under the Anglo-Japanese Alliance, and useful as was the help given by the Japanese navy, the events of the war period increased rather than diminished Australia's suspicion of Japan. In part this was due to Japan's actions in China, particularly to the twenty-one demands of 1915, and in part to the anti-British campaign in the Japanese press in 1915 and 1916. But it was due also to events more directly affecting the relations of the two countries. Of these the most important were connected with the immigration question. During the war there arose in Australia a belief that Japan had demanded free admission for her subjects, or that she would make this demand after the war. That such a belief was possible was due partly to the Commonwealth Government having withheld from the public information that might well have been published, and partly to the suspicions which were fostered through the prevention of discussion under the war censorship. The facts have not yet been published by the Commonwealth Government, but from Japanese sources it is possible to tell the story of what occurred.

In 1911, about the time when the Anglo-Japanese Alliance was renewed for the last time, Great Britain and Japan had entered into a new commercial treaty, in place of that of 1894. The new treaty was primarily only a treaty conferring rights on British subjects in Japan and on Japanese subjects in the United Kingdom; and, like all commercial treaties into which Great Britain had entered since 1880, it conferred no rights within the self governing Dominions. There was provision for its extension to any of them, if a Dominion so desired. It also contained an agreement as to custom tariffs on imports from the United Kingdom to Japan, and from Japan to Great Britain, and this also could be extended to any Dominion which adhered to the Treaty.

Australia had for several years followed the policy of declining to adhere to any new commercial treaties made by the British Government, as well as of obtaining release from any old commercial treaties still binding on her. In pursuance of this policy, the Commonwealth Government decided not to adhere to the

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treaty between Great Britain and Japan. This decision was of course accepted by the Japanese Government, but after the outbreak of war in 1914 Japanese trade with Australia grew rapidly, and the Government of Japan became desirous of obtaining the benefits as to Customs tariff and other matters which adhesion by Australia would have entailed. What passed between the Australian and Japanese Governments has never been published by the Australian Government, and references to it were discouraged by the censorship during the war. But in Japan statements on the subject were made by Ministers in the Diet and were freely discussed in the press. From these sources, whose accuracy there is no reason to doubt, it appears that through the Consul General in Australia, and through its Ambassador in London, who saw the Commonwealth Prime Minister, Mr. W. M. Hughes, during his visit to England in 1916, the Japanese Government proposed that Australia should adhere to the treaty. But at the same time it stated that it recognized that the Commonwealth might be reluctant to do so owing to its anxiety about the immigration of Japanese. Accordingly the Japanese Government gave an assurance that it had no intention to depart from its long established policy of not sending any emigrants to Australia, and it offered, if Australia adhered to the treaty, to enter into an agreement like those already made in similar circumstances with the United States and Canada. If this proposal had been carried out, the actual arrangements for the admission of Japanese would have remained unaffected, although their basis would have been different. Instead of there being a law under which Australia had means of excluding all Japanese, modified by an agreement that laborers, artisans and the like were to be excluded, there would have been a treaty giving all Japanese the right of entry, but modified by an agreement that laborers, artisans and the like were not to have the benefit of it. Under either arrangement, only Japanese of the classes not objected to by Australia would have been admitted.

This is the account of the matter that is to be derived from Japanese sources, and there is no reason to think it is not accurate. But a very different story of what had occurred became current in Australia. The Prime Minister, Mr. Hughes, came back from London in August, 1916, impressed with the gravity of the struggle that was before the Allies, and determined that Australia should pull her full weight in the war. To this end he advocated conscription; but it became understood that in doing so he had in

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mind not only the war in Europe but some question with Japan. Shortly after his return, Mr. Hughes addressed a meeting of members of both Houses of Parliament. The proceedings were not published, but it was currently reported and widely believed that an authoritative statement had been made to the meeting that Japan would challenge the White Australia policy after the war, that Australia would then need the help of the rest of the Empire, and that if she wished to be sure of getting it she must now throw her full strength into the war in Europe. Rumors of this statement doubtless exaggerated in the telling, were current in the community, but the censorship made any discussion of the facts impossible.

Another question which alarmed Australia was the occupation by Japan of the Marshall, Caroline and other groups of islands, former German possessions in the Pacific north of the equator. These, with other German possessions south of the equator, were surrendered to an Australian force in September, 1914, but were not then occupied. In October, in the course of naval operations against German ships, the Japanese navy occupied them. It was understood in Australia that the Japanese had gone into occupation only until Australia could assume control, and an expedition was sent from Australia to take over the islands; but it was stopped before it reached the equator. In Japan it was assumed from the first that the islands had passed into the permanent keeping of that country; while in Australia it was taken for granted that, in virtue of the surrender to Australia, the islands belonged to us. So the continued occupation of the Japanese, as well as the obstacles which Japanese officials placed in the way of Australian firms who for many years had traded with the islands, caused much irritation. But early in 1917, unknown to the Australian public, the Commonwealth Government assented to an arrangement for the future disposal of the islands. The Allies, hard pressed by the German submarines, had asked Japan for additional warships, and Japan had taken the opportunity to ask for assurances of Allied support in keeping the German leases in Shantung and the German islands north of the equator. The Allies, including Great Britain, gave the assurances asked for, and so the question was settled; but nothing of this was known to the Australian public.

During the war, Japanese warships gave some assistance in escorting Australian troop-ships across the Indian Ocean and in

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patrolling in Australian waters, although the Japanese Admirals were unable to give much help at the time it was most needed, when German raiders were near our coast. The extent of the help given by Japan had necessarily to be kept from the public, and of course nothing was known as to the degree of its efficiency. Nevertheless, the presence of Japanese warships was regarded with great uneasiness. In turn, the lack of cordiality on the part of Australia became known in Japan and caused some comment in the Japanese press.

The Australian Prime Minister, Mr. Hughes, left Australia early in 1918 for Europe, in readiness for the anticipated Peace Conference. On his way he delivered a speech in New York in which he said that, "if Australia is to continue a free Commonwealth she must have guarantees against a future aggression. This involves the Australian Monroe Doctrine in the South Pacific. . . . We seek America's steadfast coöperation, and we are committed by inexorable circumstances to the doctrine 'Hands off the Pacific.'" Later in London he repeated this phrase and said that, "against all predatory nations we shall strive to give this doctrine effect to the last ounce of effort at our disposal." The Japanese press did not fail to perceive that Japan was the aggressor whom Mr. Hughes had in mind, and much indignant comment was published. At the Peace Conference itself Mr. Hughes by his speeches and interviews reinforced the impression he had already given, and for a time he and the country he represented were treated in the Japanese papers as the chief opponents of the legitimate claims of Japan.

The part which Japan took at the Conference was far from reassuring to Australia. First, there was Japan's advocacy of a declaration of racial equality, which few in Australia had expected. President Wilson's plans for a better world after the war were of course as widely read in Japan as elsewhere, and the Japanese saw that now was an opportunity to bring before the world the grievance which they suffered through their unequal treatment in various foreign countries, especially in the United States. A movement to right these grievances by a declaration of racial equality might not only soften the affront which California had given to their dignity but might also assist Japan to that hegemony of the Asiatic peoples to which many Japanese aspired. Accordingly the racial equality movement swept the country. This movement sought a declaration by the Peace Conference of

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the equality of the peoples of all countries; and there is little doubt that in the popular view in Japan it was intended to involve also the abolition of all restrictions on the entry of Japanese into foreign countries.

A general declaration of racial equality was consonant with the long declared policy of the Japanese Government. All through the reign of the Emperor Meiji the Government had devoted itself to internal reforms and to the strengthening of the national power so as to secure recognition as an equal of other countries. Japan had now obtained a place as one of the great powers, and a formal declaration of the equality of the peoples of all races would crown its achievement. Accordingly the Japanese delegates to the Peace Conference received authority to propose such a declaration in general terms. But the Japanese Government could not go further and claim the abolition of all restrictions on the immigration of Japanese into foreign countries, for it practiced and intended to continue such restrictions against Chinese and other foreign laborers who might wish to settle in Japan. It seems, then, that the proposed declaration was not intended as a challenge to the right of any country to control immigration.

In February, 1919, the Japanese delegates who were taking part in the discussion of the draft of the Covenant of the League of Nations proposed that the Covenant should include a clause binding all nations to accord "equal and just treatment in every respect" to the nationals of other countries. In this form the proposal did not meet with support, being thought too wide. Later the Japanese proposed to insert in the preamble of the Covenant a reference to "the indorsement of the principle of the equality of nations and the just treatment of their nationals." This proposal was supported by the delegates of a majority of the countries. But Mr. W. M. Hughes, scenting danger to the White Australia policy, opposed it vigorously, and his speeches and interviews gained him great notoriety in Japan. At one stage of the discussion it was suggested to the Japanese that immigration should be excluded by express words from the scope of the amendment; but to this the Japanese would not agree, although they stated privately that immigration was a matter for domestic legislation free from the control of the League. Ultimately the proposed amendment was withdrawn. But the refusal of the Japanese to declare expressly that the control of immigration must be decided by each country for itself has been thought to be

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evidence of an intention to maintain the contrary if opportunity offered. A little knowledge of Japanese affairs might have dispelled this suspicion. In reality the refusal of the Japanese delegates was probably due to the cicrumstances of home politics. Although Japan is far from being a country in which the rulers are swayed by popular agitation, the delegates were not indifferent to the excited state of public opinion in Japan. They knew that the racial equality movement was supported by a society of patriots which had committed more than one political murder; and it seems probable that their refusal to exclude immigration from their amendment was due in part to fears for their own safety.

In Australia, however, it was taken for granted that the Japanese had planned to bring about control by the League of legislation restricting immigration; and the subsequent declaration in favor of racial equality made by Japan at the First Assembly of the League, and the amendments in regard to matters of domestic jurisdiction proposed in the draft Protocol at the Fifth Assembly, have confirmed this popular suspicion.

During the Peace Conference the disposal of the German islands north of the equator also came up, and the Australian public, ignorant of the arrangements of 1917, learned with dismay that the islands were to remain under the permanent control of Japan. Australia, it was true, was to have similar control over the neighboring islands south of the equator. Each country was to exercise jurisdiction as mandatory from the League of Nations — a plan which Mr. Hughes, an implacable foe of many of President Wilson's proposals, opposed bitterly, not realizing that so long as Japan held her islands under a mandate that forbade fortifications, Australia had much more security against an attack than if she had been able herself to fortify the islands south of the equator. Although the allocation of the mandates was settled in May 1919, it was not till the end of 1920 that the terms were defined. During the first two or three years of the Australian occupation of the German islands, the Australian administration had treated the Japanese on terms of equality and indeed money assistance was given in a time of commercial stress to the principal Japanese trader in the islands. But after 1917 the fears which influenced the Hughes Government were reflected in the attitude of the island administration. Exports from the islands to Japan were restricted, Japanese ships were not permitted to carry cargo between the

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islands and Australia, and restrictions were placed on the entry of Japanese. Little was published about these matters in Australia, but there was frequent reference to them in the Japanese press, and they led the Japanese Government to oppose the issuance of a mandate in the form contemplated by the Peace Treaty, which did not ensure the open door and equality of rights in regard to residence and trade. Ultimately Japan withdrew her opposition, but made a declaration that she did not acquiesce in the discriminating treatment of Japanese, and that she did not abandon her claim that the rights and interests enjoyed by Japanese subjects in the past should be fully respected. A few months after the issuance of the mandate a new administration was set up in the islands and the Immigration Restriction Act was put in force.

There was no question of any importance in dispute between the Australian and Japanese Governments after the end of 1920, and during 1921 Mr. Hughes, who was still Prime Minister, made speeches which atoned for what he had said in previous years. During the discussion of the renewal of the Anglo-Japanese Alliance at the Imperial Conference held in London in that year he took a friendly attitude towards Japan. The treaties into which Japan entered at the Washington Conference of 1921–1922, in which she undertook to respect the rights of the British Empire in relation to Australia and New Zealand and to submit to a conference of the parties to the treaty controversies not involving matters of domestic jurisdiction that affected such rights and in which she joined in defining a non-fortification area in the Pacific, were entirely satisfactory to Australia, and it seemed that all further fears about Japan could be put aside. The Commonwealth Government kept its expenditure on defense at a low level, and compulsory military training was not resumed on the pre-war scale.

But there were those in Australia who were ready to revive the old fears and they found support in the press, particularly in those evening papers of the large cities which are always ready to create a scare. Japan continued to build warships within the limits allowed by the Washington Treaty, and articles soon appeared suggesting that these might be used against Australia. The Labor Party, which has been in opposition in the Commonwealth Parliament since 1916, and which until a few years ago was foremost in supporting preparations against an attack by Japan, now took the

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view that there was no danger from that quarter. But the present Prime Minister, Mr. Bruce, who succeeded Mr. Hughes in 1923, seemed to accept the view of his naval and military advisers who desired that Australian armaments should be maintained at the pre-war scale. Although he has not made any public comments on the attitude of Japan to Australia, Mr. Bruce has strongly supported the proposal of the British Government to form a first class naval base at Singapore — a work which can serve no purpose if there is not any danger from Japan, and which seems likely to lead Japan into the further building of warships.

Perhaps enough has now been written to show that there is little or nothing in the past conduct of Japan to support the view which many Australians hold that she will challenge the White Australia policy and that she envisages the future domination of Australia. It seems safe to conclude that we are of so little importance to her that we scarcely enter into her policy. But there is still the question whether we may become of more importance to her in the future. The answer to this question seems to depend on her economic situation and this in turn depends on her future population. Without entering a discussion foreign to the main purpose of this article, it can be said that most of Japan's economic needs are supplied by the neighboring mainland of Asia. There is only one commodity of importance, namely wool of the finer qualities, which she need get from Australia. And Australia is of small consequence to her as a market. Her economic needs may lead her into a policy threatening to China and other neighboring countries, but they seem quite unlikely to affect her relations with Australia. There remains the problem of population and food. If the historians can be trusted, this problem was as grave 300 years ago, when Japan had only a quarter of her present population, as it is now with nearly 60 million people in her main islands. Even now imports and exports of food almost balance one another. An increase of the cultivated area is still taking place, and the use of chemical manures would add to the crops. If the food resources of south Manchuria and of the waters off the Siberian coast be included with her own, it will be seen that Japan is very far from a shortage of food. Moreover, it should not be taken for granted that her population will continue to increase at its recent rate. For a century and a half before America compelled her in 1853 to resume intercourse with foreign nations, her population was almost stationary. The increased prosperity that has

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accompanied the industrialization of Japan brought about a rapid increase, as did the similar economic change in Europe. But it may be doubted whether the increase will continue at so rapid a rate. In Europe the industrial situation seems now to have led to a much slower rate of increase, and it may be expected that in Japan also increasing economic stress will slow down the birth rate. If it does not, or if political or other difficulties shut Japan out from the markets of China, we may expect that her people, who at present show little inclination to leave their country, will seek an outlet overseas. But that outlet need not be in Australia; for South America is open to them, and those who have gone there are very prosperous. In general, then, the danger to Australia from an increase of population in Japan seems remote, and should not affect Australia's attitude toward her.

In conclusion, it may be pointed out that this survey has interest even for those not concerned with the relations of the two countries. For, like the relations between more important countries, this small section of international life has been influenced by lack of knowledge and understanding. Australian public men who have dealt with the questions that have arisen between Australia and Japan have had little opportunity to understand Japanese policy. Living far removed from the centre of international intercourse, and unaccustomed to deal with external questions, they have been ready to suppose that Australia was of great importance to Japan, and ready to treat her every act with suspicion. The press — particularly those evening papers which are in unscrupulous hands — has been ready to inflame the public. The people have been as unqualified as have their public representatives to form a calm judgment; and they have been hindered rather than helped by the failure of the Government to give out adequate information, and especially by its attempt during the war to suppress publication both of facts and comment. But, here as elsewhere in the world, it may be hoped that an increase in knowledge will enable us to avoid some at least of the causes that produce quarrels between nations.

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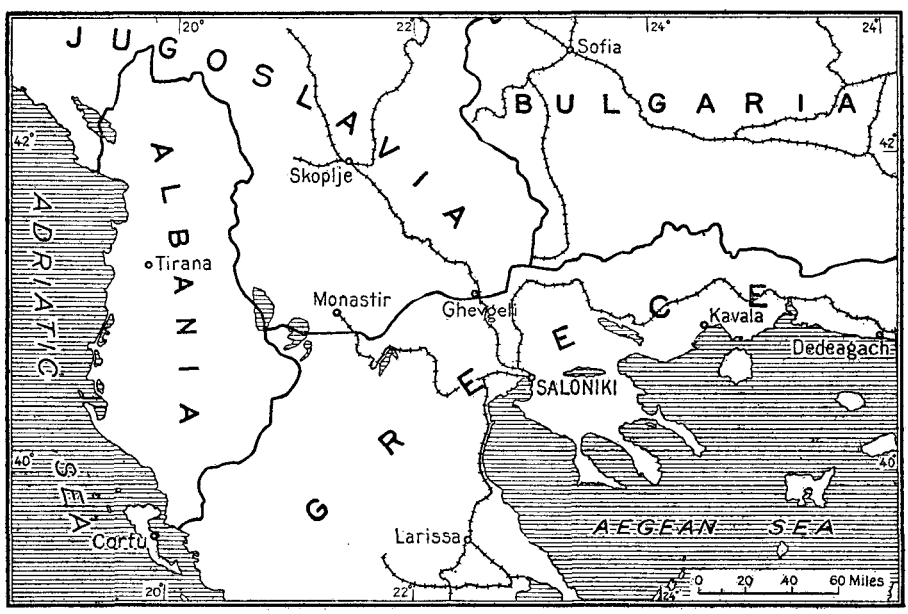
THE SALONIKI DISPUTE

By Hamilton Fish Armstrong

SALONIKI is the port of all the valleys and highlands of central and southern Serbia, which find their shortest access to the outside world southward through the gorges of the Vardar; by the same token it is the *raison d'être* of that region's only through railway, the line running southward from Belgrade through Nish and Skoplje (the economic centre of Macedonia) until it reaches the Ægean at Saloniki. What Fiume used to be to the Danubian plains, what Cattaro and Scutari may sometime be to the valleys now cut off from the Adriatic by the untunnelled walls of the Dinaric Alps, the ancient Greek port of Saloniki must be to all the central Balkan peninsula.



There are two principal aspects of the concern which geography thus forces Jugoslavia to have in Saloniki. She is interested in the port facilities afforded her commerce by the Greek authorities; and she is interested in the administration and functioning of the forty-eight miles of railway lying between Saloniki and the Greek-Jugoslav frontier near Ghevgeli. The local traffic on that bit of railway is negligible. It is valuable to Greece only because over it passes the traffic which makes Saloniki one of the great ports of the Mediterranean basin.

The Ghevgeli-Saloniki railway was part of the Compagnie d'Exploitation des Chemins de Fer Orientaux, founded by Baron Hirsch, and later under Austrian and German control. The nucleus of this control was the Wiener Bank-Verein, which enjoyed the protection of, and was subject to, the Austrian Government. After the Balkan wars the question of the future control of the

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Ghevgeli-Saloniki and other Macedonian lines came under discussion, but no decision had been reached at the time the Great War broke out. It was one of the lines requisitioned by Greece in September, 1915, when it became apparent that the Allies would land at Saloniki, and eight months later it was taken over by the Allies and placed under military administration. After the war French speculative interests acquired a controlling interest, and recently have been trying to get bids from both Greece and Jugoslavia. The complex financial questions involved will probably long remain the subject of three-cornered negotiation between Athens, Vienna and Paris.

As long ago as 1906, when Serbia looked about for new outlets for the trade which was being strangled by the Austrian tariff war, the Turks granted her a lease on part of the harbor at Saloniki, and accorded her the right of free entry and export. Money was spent on warehouses, but Turkish mismanagement of the harbor and constant troubles on the railway more than overbalanced the usefulness of the concessions.

The First Balkan War at last banished the crescent from Macedonia. The Second Balkan War, following a dispute over the division of the territorial spoils and occasioned directly by the famous night attack of Bulgaria on her two former allies, Serbia and Greece, led to Macedonia's division between the two victorious states. An integral part of the arrangement was the treaty signed in the spring of 1913, between the Kingdom of Greece and the Kingdom of Serbia, containing the following paragraphs:

> "His Majesty the King of the Hellenes covenants that his government shall grant all the necessary facilities and guarantees for a period of fifty years for the complete freedom of the export and import trade of Serbia through the port of Saloniki and the railway lines from Saloniki to Skoplje and Monastir. This freedom shall be as large as possible, provided only it is compatible with the full and entire exercise of Hellenic sovereignty.
>
> "A special convention shall be concluded between the two high contracting parties within a year from this day in order to regulate in detail the carrying out of this article."

This much disgusted Austria-Hungary, who expressed herself in both Belgrade and Athens as determined to exact for herself privileges similar to any accorded Serbia. As neither capital cared to see Austria acquire the right to participate in discussions over Saloniki, they instructed their delegates in March, 1914, to wind the matter up quickly, and an agreement was initialed "*ad referendum*" on May 23. This agreement fell far short of Serbian expectations, for it did not assure entire liberty of transit to Serbian goods, Article 4 giving Greece the right to maintain state monopolies, to carry out veterinary and sanitary inspections, and to set up bars "in exceptional circumstances". That there were extraneous reasons dictating so wide a divergence from the generous phraseology used in the parent treaty a year before is shown by the addition of a secret protocol by which the Greek Government tried to set the matter right by promising in general terms that Serbian commerce should have full freedom. The Great War broke out without ratification having been extended to this agreement by either home government.

After the war, the new and enlarged Jugoslav state was as much interested as little Serbia formerly had been in arranging a trade outlet at Saloniki. But she made it plain that she asked consideration less as a favor than as a right. As the Jugoslav Minister at Athens, M. Baloudjitch, wrote somewhat later in

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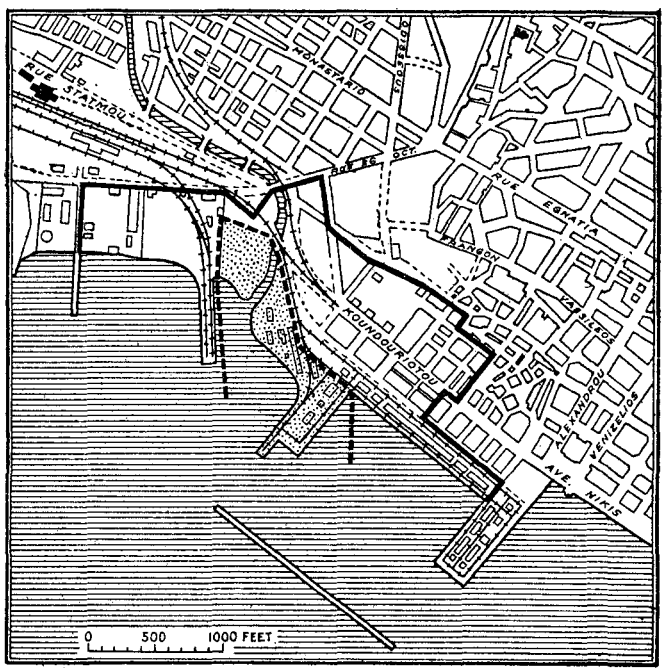
Politika (Belgrade): "It is not a question of concessions, but of the execution of an obligation which is an essential part of our alliance with Greece and which constituted a condition for our recognition of Greek sovereignty over Saloniki. . . . "

To Greece, on the other hand, it seemed particularly necessary to conciliate Jugoslavia. Greek troops had met disaster in Asia Minor in 1922, and Greek statesmen saw also that Greece could not hope to stand alone against Italian nationalistic and commercial ambitions. The Greek Foreign Minister, Nicolas Politis, therefore visited Belgrade early in November, 1922, and on his return the Greek parliament ratified the pre-war agreement regarding Saloniki. Jugoslavia, however, having found in the course of the war that it was all too possible for Greece to differ with her regarding the interpretation of a treaty, said that the text was not sufficiently explicit and offered inadequate guarantees. From the fresh negotiations which ensued there issued, on May 10, 1923, a new Saloniki convention.



PART OF THE PORT OF SALONIKI

The limits of the Jugoslav Free Zone are indicated by a broken line. The Greek Free Zone, surrounding the Jugoslav Free Zone, is shown by a heavy solid line

This convention provided that for a period of fifty years there should be in Saloniki a "Jugoslav Free Zone" of about 94,000 square meters, under Jugoslav administration but subject to Greek law and Greek police supervision. It agreed to recognize goods coming from the frontier to the free zone, and vice versa, as "goods in transit", and freed them from tax. Accompanying protocols provided special rates for the carriage of passengers and cattle over the Saloniki-Ghevgeli line, stipulated that there should not be more than 12 hours delay at the border in the case of express and not more than 36 hours in the case of freight, exempted cattle and poultry destined for the Jugoslav zone from inspection and quarantine at the border, etc., etc. Ratifications of the convention were exchanged May 30, 1924, and the free zone actually came into Jugoslav control on March 5, 1925 (see accompanying map).

In operation the free zone has not fulfilled Jugoslav expectations. The dis-

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satisfaction does not arise over the administration of the zone, but over its inadequate size and over railway delays and failures. As a matter of fact, though the zone is supposed to contain 94,000 square meters, about 40,000 of these lie under water. Exports such as lumber, cement and grain take a great deal of room, and Jugoslav merchants say they cannot develop their natural trade in these commodities because of insufficient transhipment and storage facilities. Cattle are difficult to handle in cramped quarters, also, and it is complained that no facilities can be provided for cleaning cars, etc. Much of the merchandise, to reach ship-side, must pass over turn-tables, worked by hand and designed for a solitary freight-car at a time. A few meters more territory, say the critics, would enable the Jugoslav Government to curve the railway line gently, eliminate the turn-tables, and save constant delay and expense.

A major drawback in Jugoslav eyes is that a "Greek Free Zone" has been established completely surrounding (by land) the Jugoslav zone; as this larger zone has been leased to a private company for exploitation the Jugoslav Government fears it may have to depend on a third party (and one not necessarily solely Greek) for the maintenance of its rights. The walls of the Greek zone were completed last autumn, and it was formally inaugurated on October 18. Most important of all, the operation of the railway, on which the success of the whole scheme hangs, was found inefficient and disastrously slow. It is easy enough to see that Greek shipping would benefit by the flow of Serbian trade to Saloniki, and that Greece in general might benefit politically from a friendly understanding and alliance with Jugoslavia. But these arguments were not likely to be perceived by local middlemen, who only saw privileged trade slipping by without their profiting and who did not realize that unless it were privileged it would not come at all; nor by local railway and frontier officials, who grumbled at working almost exclusively for foreigners.

As complaints about Saloniki multiplied (there were others, notably regarding Jugoslav minorities in Greek Macedonia), Belgrade made representations to Athens, but was informed that the Greek Government considered the Saloniki question closed. The Jugoslav Government thereupon took drastic action. The 1913 Graeco-Serb Treaty of Alliance was still ostensibly in force, though its formal term had come to an end and it was supposed to remain in vigor only at the pleasure of the two governments. As a matter of fact, Serbia in 1915 had notified Greece that she considered the treaty abrogated,[1] though she withheld public announcement of the fact throughout the war and during the period of Greek disaster in Asia Minor, — a point of considerable importance, in the Serbian view, as showing that Serbia had scrupulously avoided embarrassing Greece or trying to exact favors from her under duress. Belgrade now publicly denounced the Treaty; and though proclaiming its desire to make a new defensive alliance with Greece, the Jugoslav Government let it be known that its price would include more satisfactory port arrangements in Saloniki and even the outright ownership of the Ghevgeli-Saloniki railway (so that it might be double-tracked), thus practically creating a "corridor" to the Ægean. Even recognizing that Athens is usually able to protect its interests when it comes to striking a bargain, and that Belgrade probably

[1] See statement of Dr. Nintchitch, Jugoslav Foreign Minister, July 30, 1925, in the Athenian paper *Eleftheros Tipos*.

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asked more than she expected, it is easy to see that these demands would sound in Greek ears dangerously similar to Bulgarian claims for a corridor to Kavala or Dedeagach. An outcry arose from Greece, in which were heard such words as "bully" and "hypocritical friend". Belgrade simply replied that if Jugoslavia were asked to be a guarantor of Greece's sovereignty over Greek Macedonia and Eastern Thrace, she was willing to assume the task, but if as a friend, would Greece show her friendship concretely in the Saloniki matter, and if as part of a business deal, her price was that same Saloniki readjustment.

After a strained interval, direct negotiations were resumed last September, and at the moment of writing technical representatives of the two countries are about to meet in Paris for a discussion of the best method to assure free and efficient transit from Ghevgeli to Saloniki. It is not likely that Belgrade will press its former request for ownership of the railway road-bed. The most promising solution seems for the creation of an international board of control for the railway, with Greek and Serb members, under a French chairman. If a plan for the ownership and operation of the railway can be devised, the problem of the free zone itself should not prove difficult.

There are several factors making settlement desirable in the eyes of both parties. Jugoslavia is anxious to do as well as possible by her new Macedonian territories, and will be glad to accept any opportunity justifying her in assuring them that free and rapid access to blue water has really been secured. In general, too, though the Greek alliance has on some occasions proven a weak reed, and on others more of a burden than a help, Jugoslavia is anxious to have no uncertain gap on her southern flank in case of trouble either with Hungary or Italy. It would be particularly important to have close coöperation with Greece in case Mussolini, feeling himself for some reason weak at home, chose to create a diversion in Albania. Jugoslavia's anxiety on this score may be presumed to have been in no degree lessened by reports recently in circulation in the Near East that Great Britain had recruited both Italy and Greece as partners in any warlike eventualities over Mosul, and that Greece in addition to being promised concessions by Italy in the Dodecanese and by Britain in Cyprus had been encouraged by Italy to resist Jugoslav pretensions in Saloniki. (Hence, perhaps, Jugoslavia's recent resumption of diplomatic relations with Turkey, and the signature in October of a treaty of amity between Bulgaria and Turkey.)

Similarly, Greece may be counted on as wishing a renewal of the Græco-Jugoslav alliance, and as being willing to make some sacrifices to bring it about. The Saloniki-Alexandria route seems destined to become the favored trade route, being the shortest, from central Europe to the Far East, and should eventually be able to attract much of the trade that formerly passed through Fiume or Constantinople. Greece's desire to keep firm hold of the port and to control its shipping is therefore quite understandable. It would seem a mistake, however, for her to antagonize the hinterland regions on which Saloniki must mainly depend. Her position along the northern coast of the Ægean is uncomfortable in any case. It would be precarious in the extreme should she antagonize both Jugoslavia and Bulgaria, and should those two countries unite forces against her.

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MEXICO'S AGRARIAN PROBLEM

By Manuel Gamio

OF THE total territory of the Mexican Republic probably not more than eight per cent is by nature suitable for agricultural purposes. This is due primarily to the physiography of the country and the peculiar climatic conditions. Add to this the anachronism of enormous landed estates — *latifundos* — and the defective and primitive methods of cultivation which prevail, and it will be understood why agricultural production has been so limited that Mexico almost continuously has had to import grain and other foodstuffs.

When for any reason crops are short and the people cannot satisfy their hunger, it is logical and natural that they should instinctively demand a greater production from the land. Since they cannot conjure the mountains into arable plains nor compel the clouds to send down rain on the sterile fields, they turn upon the landholder who is monopolizing the great fertile domains, keeping a good part of them uncultivated; and they force him, or try to force him, to share with them the ownership and use of his acres. The landholder, of course, objects to giving up even a part of his possessions, and then there occurs an uprising, bloody and devastating, of the hungry masses against the proprietor who is unwilling to satisfy their hunger out of his own pocket. This has been the fundamental cause of Mexican civil war since before the Conquest. Then the conflict was not between the peasants and the landholders, but between the tribe which cultivated a fertile region and the tribe which desired that region because they could not subsist on their own sterile territory. The colonial uprisings and the revolutions of the nineteenth and twentieth centuries have been only the inevitable repetition of the agrarian conflicts of archaeological times.

Numerous scientific investigators, both native and foreign,[1] have found in the agrarian problem the justification of the apparently inexplicable and continual upheavals through which the Mexican nation periodically has passed. They all agree that if the Mexican people are to live a normal economic life the big estates must be divided up into small farms, a measure which the governments of Mexico have been trying to introduce since 1917 and legislation for which is being actively pushed at the present moment.

The solution of the agrarian problem will probably proceed along the following lines. The Agricultural Bank, recently established, will become the agency for buying and financing the lands of the big estates which are needed for small farms. Very high taxes will be levied on the uncultivated portions of the estates. By means of the patrimony law the land turned over to the peasants will have the character of individual property instead of communal, as has been the case in the past and as is still the case in certain parts of the country. Appropriate provisions will be made to prevent these small farms from being sold back to the large landholders, as this would be equivalent to restoring the

[1] We may mention as the best example of foreign studies "The Land Problems of Mexico," by G. M. MacBride, a publication of the American Geographical Society, New York.

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old defective system. The bank will finance the peasants progressively, in order that they may provide themselves with the necessary materials for farming.

As a complement to this course of action, roads are being built so that farm products may be transported to market. Furthermore, several great irrigation projects are being worked out, and six big agricultural schools have already been opened and many more will be started for the practical teaching of modern methods for the intensive cultivation of small farms. The big School of Agriculture at Chapingo has been modernized in every way and is prepared to train scientific farmers and technical experts to take charge of large-scale agricultural enterprises on plantations where machinery is available and scientific methods of cultivation can be used.

In an interesting address which the Mexican Ambassador, Señor Tellez, delivered in Cincinnati last autumn, he mentioned two very significant figures. One was the movement of commerce between Mexico and the United States, which amounts to almost 370 millions of dollars annually. The other was the number of consumers of American merchandise in Mexico, which he fixed at three or four million persons. Furthermore, he forecast an increase of this latter figure. It may be asked, how will it be possible to transform into buyers of modern merchandise ten or twelve million persons who to-day lack the necessary means. The answer is that it will occur when the formation of a class of small farmers brings with it the betterment of the peasants who to-day spend their energy and their wages almost entirely in satisfying the most elemental needs of existence.

The consumption of tropical products in the United States reaches a fabulous figure, but the most satisfactory manner of securing them has not yet been found. The best source for the greater part of these products would be Mexico, since the two countries are neighbors and consequently freight rates are lower between them than between the United States and any other southern country. Because of Mexico's marvelous fertility and because its hot lands, especially those along the coast, do not for the most part require irrigation, it should supply a great part of American needs at the lowest prices. Nevertheless, up to the present time the production of these regions has been negligible and we therefore did not include them in the estimated eight per cent of productive land. (We refer, of course, to the hot lands, properly tropical, in which the average annual rainfall is from fifty to seventy inches, and not to the semi-tropical slopes or to Yucatan, where the rainfall varies from twenty to forty inches.) The high temperature, the humidity of the atmosphere, and above all the terrible effects of malaria so weaken and destroy the human race in these regions that even the indigenous population, which is relatively immune, has never been able to raise even mediocre crops. But the extermination of this plague must be possible. We have been able to stamp out yellow fever — until a quarter of a century ago the scourge of the ports of Mexico and Central and South America — by fighting the mosquito which transmits it. This achievement, thanks for which must go to the combined efforts of the different Latin American Governments and the Rockefeller Institute, has brought about an increase of many billions of dollars in international trade and has contributed towards saving innumerable human lives. Unfortunately, the

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method used for the extermination of yellow fever has not given equally good results in the case of malaria, for although the petrolization of cities may be possible, the petrolization of more than a million square miles of territory is not, — and the extent of the malarial regions of Latin America is as large as this. The only recourse is to investigate intensively until some curative or preventative serum or vaccine is discovered to offset the deadly effects of the haematozoario of Laverran. The Rockefeller Institute, which as we have said contributed such important and disinterested services in the campaign against yellow fever, is at present active in combating hookworm disease in Mexico; we might suggest that it would be preferable to try to find an anti-malarial vaccine.

There is another aspect of the agrarian problem which has been widely discussed. It has been pointed out that it is inadvisable to divide into small farms the large plantations in regions where the soil calls for a sort of cultivation that cannot be carried on by the small farmer, as is the case with sugar-cane and henequen. It has been suggested that the peasants should not be given lands of this kind, and it has even been proposed that the land should be taken from them in cases where they already possess it. This suggestion is uneconomic and unsociological, for the result would be that the inhabitants of those regions where small farms are located would progress rapidly, while the inhabitants of other parts of the country, like Yucatan, where henequen is produced exclusively, would remain stationary in an inferior economic state; this in turn would inevitably oblige them to emigrate to the more flourishing regions of small farms, thus destroying the wealth of Yucatan, where the scarcity of labor has always been a most difficult problem. However, it cannot be denied that the production of henequen or sugar-cane on a small plot is unprofitable because the owner does not have the necessary machinery for shredding, crushing and distilling. The Mexican Government has devoted special attention to this aspect of the agrarian question; not only has it provided that those plantations which can justly be considered as especially fitted for large-scale agricultural industry shall not be affected by agrarian subdivision, save in exceptional cases, but it has undertaken the construction of great central organizations where the crops of the small farmer will be purchased at a fair price or where they may be manufactured at a fixed rate. I understand that in the State of Morelos one of these central plants for the manufacture of sugar is already being organized with foreign capital.

The standardization of crops and the abolition of the habit of restricting cultivation almost exclusively to corn constitute a serious question in Mexico, and one which, incidentally, has a certain importance to the corn regions of the United States. Mexico was the first country in which the wild corn plant was transformed into cultivated corn. In view of the high nutritive value of corn and the absence of other cereals, such as wheat and rice, which were only introduced into Mexico after the discovery of America, it was natural that for many centuries preference should have been given to its cultivation. But the continuation of this system is uneconomic and anachronistic. In fact, almost all the crops that can be harvested in the cool, temperate or hot lands of Mexico are much more remunerative than corn, especially those that can be exported; but in spite of this the farmers, slaves to tradition and routine, devote their

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principal attention and effort to planting corn instead of introducing the cultivation of other more suitable and more profitable crops. In view of these facts, perhaps it would be advisable for Mexico to lift the import duty on foreign corn for some years. Imported corn could then be bought at lower prices than native corn, because the methods used in its cultivation in the United States, Argentina and other countries are more economical. And Mexican farmers would be forced to take up other crops.

Mexico does not practise the standardization of crops which has given such good results in other countries. In Argentina, for example, it was found after prolonged and careful experimentation that on the whole the soil of that country was best adapted to three branches of agriculture, the growing of wheat and corn and the raising of cattle; and other crops were relegated to second place. There resulted specialization and efficiency in agricultural methods and a notable increase in production. In Mexico, true to the ancient tradition of the estate, we have endeavored to produce everything on a single plantation, — firewood and lumber, garden produce and fruit, grains of all kinds, cattle and sheep on the plains and hills, and even stone, lime and other minerals. When the plantations are situated in temperate regions this tendency is carried to extremes, as happens in many parts of Puebla, Hidalgo, Morelos and, above all, Caxaca, where there are plantations which to my personal knowledge and without exaggeration furnish the following highly dissimilar products: wood, coal, stone and gravel for construction, "tecalli" or Mexican marble, wheat, corn, sugar-cane, castor-plant, pears, mangoes, sheep, goats and cattle, not to mention the gardens which supply the plantation household with food. This may appear a symptom of great wealth to those who do not judge the question by the cold criterion of economics: on the contrary, it is an indication of a defective system of agriculture, industry and cattle raising, a demonstration of the old proverb, "Jack of all trades and master of none."

Mexico must learn to separate the purely industrial side of her plantation enterprises from the purely agricultural side, putting each in different hands. Then it must be ascertained by experimentation which are the most productive crops, in order to plant these and abandon the others. Until this is done throughout Mexico, Mexican agricultural products will not improve markedly either in quality or in quantity.

There is another aspect of the Mexican land question which has been little discussed. Confirmed critics of Mexico in the United States have tried to find in agrarianism, in organized labor even, subterranean communistic tendencies aiming at the annihilation of capital. In this connection we should remember the old adage that to cook a hare you must first catch it. A real anti-capitalistic movement can scarcely exist in Mexico since there is no Mexican capital. The number of Mexican fortunes reaching a million dollars is proportionately very small, while the number that reaches five million is infinitesimal. Is it reasonable to suppose that the agrarian or social movements directed toward the subdivision and distribution of great rural estates can have for their objective the destruction of intangible capital?

The only capital of any size or importance in Mexico is foreign, and a comparatively insignificant part of it is invested in rural property. For this reason the possession of land has scarcely ever been the cause of serious differences

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between the Mexican Government and any other government. Petroleum, mines, factories, transportation facilities, electric light plants, hydro-electric power, the export of raw materials, — these are the enterprises in which foreign capital is invested. A few months ago when the Secretary of Industry and Commerce of Mexico, Señor Morones, was interviewed in New York and Washington by American industrialists, laborites and journalists regarding possible communistic tendencies in the Mexican labor party, this official, who is the most representative laborite of the continent beyond the Rio Grande, demonstrated irrefutably that the Mexican labor movement is an intelligent movement for social betterment, anti-communistic in form and in essence. It has improved not only the wages of the laboring class, but also their food, clothing, homes and education. In fact, it is estimated that their economic condition to-day is from three hundred to four hundred per cent better than it was in 1910.

Although it may seem paradoxical, the labor elements in Mexico may really be considered as conservative, so much better is their economic condition than that of the agrarians. With the exception of a small proportion who have received lands and implements for farming, the peasants are still in the same condition that they were in fifteen years ago or fifty years ago, — undernourished, poorly clad, illiterate, earning a daily wage of from twenty to thirty cents American money, and living in unsanitary hovels. These men, who as yet do not know what communism means, might easily be transformed into bloodthirsty revolutionists should a new crisis arise. In order to avoid this, the government of General Calles is putting into practice the measures described above, which will result in the rapid distribution of small farms and the formation of a social group numbering millions of small farmers owning their own land and finding in it the means of subsistence. They will be the enemies of political upheavals of an artificial character which might threaten their possession of the land and the enjoyment of its products. A striking parallel can be found at the present moment in Russia, where the agrarian socialism of the peasants who already own their farms constitutes a powerful check on communist ultra-radical tendencies.

It is certain that this agrarian movement of Mexico will find an echo in almost all the countries of Central and South America, since their physical characteristics, economic situation and social and ethnic structure are or have been analogous to Mexico's. The actual settlement of our agrarian problem will be of great importance to these countries and the study and consideration of Mexico's solution will perhaps enable them to solve their own without bloodshed and without the sad experiences through which Mexico has passed.

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RAILWAY STRATEGY IN MANCHURIA

By Malcolm W. Davis

RAILWAYS have been the chief means by which both Japan and Russia have striven to establish special positions in eastern Asia. The economic and strategic frontier of the Japanese sphere of influence on the Asiatic mainland is now being advanced by the building of a branch line of the South Manchuria Railway from Taonanfu, near the border of eastern Inner Mongolia, to Tsitsihar, on the line of the Russian-built and Russian-managed Chinese Eastern Railway which runs through central Manchuria. The development of both of these systems has been subject to formal agreements with China, in whose territory they have been constructed, and China has sought repeatedly to secure control of them. But even through the vicissitudes of revolution and inter-Allied operation of the Chinese Eastern Railway during the period of the Allied expeditions to Siberia in 1918 and the years following, Russia has contrived to maintain her hold on that system. Meanwhile, Japan has strengthened her domination of the South Manchuria Railway.

The extension of the Taonanfu branch to Tsitsihar raises serious issues with Russia, both economic and military. The Japanese controlled system is of standard gauge, six inches narrower than the Chinese Eastern system which has the broadest gauge of all Russian railroads. The new branch gives the South Manchuria Railway an opportunity to draw from the Chinese Eastern Railway the freight traffic of a rich and developing region, for whose shipments the two lines are in competition. Also, in the event of any conflict involving Japan and Russia, it would give Japan the opportunity to transport troops over a line subject to her control directly to the main line of the Chinese Eastern Railway, thus cutting off Harbin and Vladivostok from communication with Russia except by the round-about route of the railway following the Amur River. Russia has no such means of flank approach to the Japanese line. Further, the broad gauge of the Russian line could be altered rapidly to the standard gauge. The Germans did this during the World War when they conquered railroads from the Russians, at the same time cutting off the ends of the ties to prevent the Russians from reversing the operation if they should come back. For similar reasons, it would not be possible for the Russians to utilize the narrower Japanese lines.

The main South Manchurian line from Harbin to Port Arthur was originally built by Russia, with a broad gauge, as an extension of the Chinese Eastern Railway, under a twenty-five year lease dating from 1898, in connection with the leasing from China of the lower Liaotung Peninsula. During the Russo-Japanese war the Japanese rebuilt a large part of the southern section as a narrow gauge line for military use, and also advanced a similar line from Antung on the Korean border toward Mukden. The Portsmouth Treaty of September 5, 1905, ending the war, transferred from Russia to Japan the Liaotung Peninsula lease and the control of the South Manchuria Railway as far as Changchun. There the Russian broad gauge line begins and runs to Harbin, connecting with the main line of the Chinese Eastern Railway. A treaty with China on December 22, 1905, recognized the new arrange-

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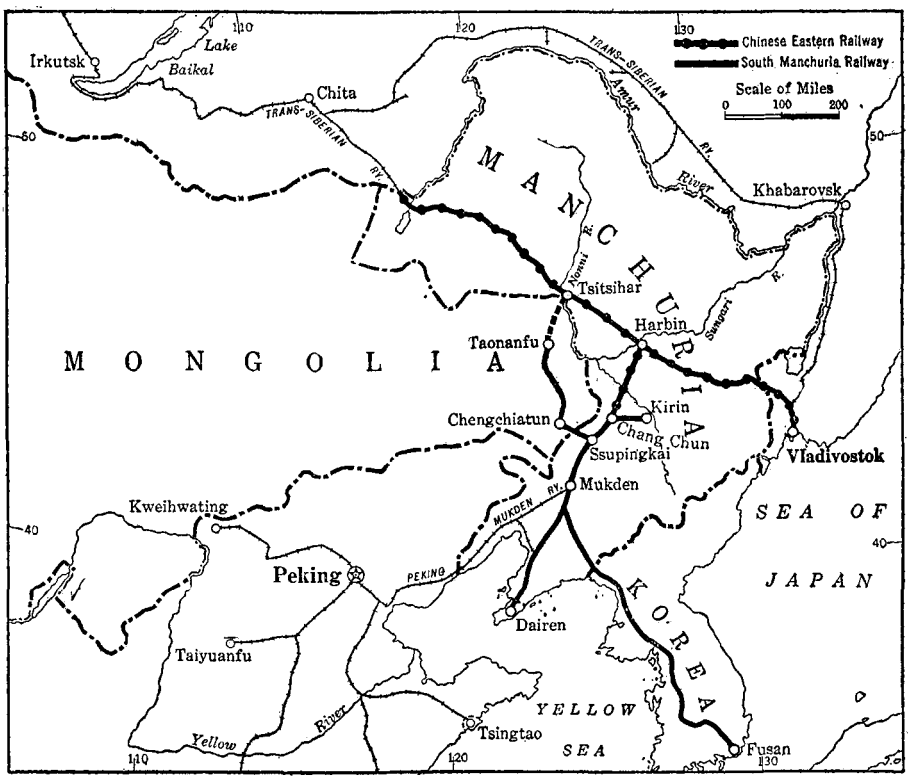
ment and confirmed Japan's right to build and finance a railway from Antung to Mukden, and to build branches from Changchun to Kirin and from Hsinmintun to Mukden. So the basis of the present Japanese position was laid.

In 1906 the South Manchuria Railway Company was founded by Imperial Japanese ordinance. The lines soon were altered from narrow to standard gauge up to Changchun. In 1912 the line to Kirin was opened. In May, 1915, as part of Japan's "Twenty-One Demands" upon China, the railway lease was extended to ninety-nine years, terminating in 1997, and Japanese subjects



were accorded the right to lease land for trade, manufacture and agriculture and to reside and travel freely in Manchuria. The Japanese administration of the Liaotung peninsula polices the railway and the zone of territory attached to it, in cooperation with the Chinese authorities.

The railway controls a zone of some 64,000 acres of land, in which it has independent powers of administration. It has built branch lines under loan agreements with Chinese authorities, including the line from Ssupingkai to Chengchiatun and Taonanfu, of which the new line to Tsitsihar is an extension. It has carried out large harbor works at Dairen, begun by the Russians as the port of Dalny, put in operation a fleet of steamers, developed coal mines and iron mines, a steel plant, soya bean mills and other industries. Dur-

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ing the war and the revolution in Russia it began to take an increasing percentage of traffic from the Chinese Eastern Railway, which formerly went over that line and was shipped out from Vladivostok. This traffic, coming south from Harbin and being trans-shipped at Changchun to the narrower gauge Japanese line, has recently been estimated to amount to two-fifths of the total volume of traffic of the South Manchurian system.

Under the terms of the agreement reached at Peking on May 31, 1924, by which China resumed diplomatic relations with Soviet Russia, it was specified (Article IX, Section 5) that "the Governments of the two contracting parties mutually agree that the future of the Chinese Eastern Railway shall be determined by the Republic of China and the Union of Soviet Socialist Republics to the exclusion of any third party or parties." [1] The arrangement really re-established the Russian control of the line, for although a joint board of five Chinese and five Russians was placed in charge of administration, the Russians dominated its affairs and appointed a Russian manager. Marshal Chang Tso Lin of Manchuria at first opposed this arrangement, but recognized it some two months later, when he was hard pressed in a civil war with the forces of the Peking Government and needed to withdraw troops from the Chinese Eastern Railway zone. In return, Russia concluded an agreement with him as "Ruler of the Autonomous Three Eastern Provinces." But the relations between Russia and Chang Tso Lin have not been friendly. In January a quarrel occurred between the Chinese general commanding his forces at Harbin and the Russian railway management, which revealed the conflict of interests between them. The immediate issue was the question of cash payment for transportation of Chinese troops. About $11,000,000 (Mex.) is reported to be due the railway on this account, and the Russian manager, Ivanoff, refused further transportation on credit. Chinese troops began to seize trains and operate them regardless of schedules or signals; and the Chinese authorities at Harbin arrested Ivanoff. Chicherin, Commissar for Foreign Affairs of the Soviet Government, at once protested both to the Peking Government and to Chang Tso Lin, demanding the release of Ivanoff within three days, restoration of order, and observance of the terms of the treaty agreements. He also requested of the Peking government the right to use Russian troops in the railway zone, in case these demands could not be met, "in order to secure treaty fulfillment and thus secure the interests of both countries." At the last moment Chang's acquiescence and the liberation of Ivanoff avoided further trouble, but negotiations regarding the control and management of the railway have been proceeding at Mukden between his representatives and Russian officials. In February delegates of the three Manchurian provinces met in a conference at Mukden and declared for an autonomous federal union under the government of Chang Tso Lin, without formal secession from the Republic of China. One of the main purposes of this move, it was understood, was to give him a claim to the right to act independently of the Peking administration in attempting to reach a new railway agreement with Russia.

Under its practical control of the Chinese Eastern Railway established by

[1] The history of negotiations over the Chinese Eastern Railway is fully treated in an article by Frederick Deane in FOREIGN AFFAIRS, September, 1924, p. 146.

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the earlier agreements, the Russian management was reported to have set preferential rates on traffic by way of Vladivostok.

The building of the new line from Taonanfu to Tsitsihar by the Japanese in part offsets the Russian endeavor to favor the Vladivostok route as against the Dairen route of the South Manchuria Railway. The new line, it is reported, has been carried as far as the Nonni River, and is expected to be ready for operation in August. Its completion is opposed by Russia.

The line is being constructed by the South Manchuria Railway under an agreement with the Government of Fengtien Province, controlled by Marshal Chang Tso Lin. It has been reported that the railway company advanced a loan of 18,800,000 yen for the project, bearing interest at the rate of 9½ per cent, with the provision that the principal materials should be purchased in Japan. The line passes through a country devoted largely to stock raising, with some agriculture; and its main economic function is to provide a shorter and cheaper route for shipments from eastern Inner Mongolia and western Manchuria to the port of Dairen. The saving in distance as compared with the route of the Chinese Eastern Railway is not great; but the saving in time and charges through avoiding trans-shipment from the broad gauge Chinese Eastern line to the standard gauge South Manchurian line at Changchun is considerable. The direct unbroken line to an ice-free port naturally would attract traffic away from the Russian line.

Even more important, from the Russian point of view, is the fact that this new branch affords a direct military approach to the main line of the Chinese Eastern Railway. In the event of a dispute involving hostilities this obviously would have vital significance.

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THE VIRGIN ISLANDS UNDER AMERICAN RULE

By Donald D. Hoover

THE United States purchased the Virgin Islands from Denmark in 1917 for $25,000,000. The purpose of our government—as high naval officers frankly admit—was to prevent Germany from obtaining the islands and establishing a base from which to threaten Porto Rico and the Panama Canal. In acquiring them we assumed the considerable responsibility of their administration. Now some of the problems involved are being brought to public attention by the proposal to send a committee of islanders to Washington to seek the replacement of the naval government by a civil government.

There have been six American governors of the Virgin Islands since 1917. Most persons agree that the frequent changes in authority have been detrimental to the progress of the Islands, and there can be little doubt that government by an American business man, which is favored by many if not most of the native leaders, would have better economic effects than a continuance of the present system. It is not usually claimed that naval officers are especially fitted by training for participation in civil government, although those on duty in the Virgin Islands are able in their profession and worthy representatives of the navy.

Also, an independent judiciary would be more in accord with American methods than is the present judicial system, in which the naval officer at the head of the government has the power of veto over the court's decisions, and also the power of removal. It is this situation which led to the charge made recently by a former judge that he was arbitrarily removed because he refused to allow one of the governors to dictate a certain decision. The judiciary should be made Federal.

One question stirring the people to-day is fear of an administrative union with Porto Rico and the consequent over-running of the Virgin Islands with Porto Ricans, for whom the islanders harbor a deep dislike. The newspapers have joined in a campaign, and carry capital-letter scareheads such as: "Annexation to Porto Rico would be worse than death to the Virgin Islands — Therefore let us prefer death and the grave to annexation." And: "Chained to Porto Rico! St. Croix, St. John, St. Thomas say NEVER!!" (the latter in letters an inch and a quarter high). When the Secretary of the Navy assured the governor that no such union was being contemplated in Washington, the papers replied: "No smoke without fire — St. Thomas says, No chains to Porto Rico!" Congress probably will be asked to investigate and determine whether such an alliance is really contemplated. Meanwhile, mass meetings are being held at which the radical leaders exhort to a fight for independence.

Another demand of the islanders, probably their principal one, is that their citizenship status be improved. They ask that they be declared citizens of the United States, with the right of franchise, instead of "Virgin Islanders," who cannot be naturalized even if they so desire.

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Other gradual improvements asked for by the natives are the adoption of a new organic act (the colonial council has appointed a committee to draft one); the stabilization of the currency; the extension of the coastwise shipping laws; the erection of technical schools; the establishment of workmen's compensation and civil service acts; the enactment of a more equitable taxation system; the modification of the Volstead Act; and other changes less important.

The price at which the Virgin Islands were bought from Denmark ($295 an acre) compares with two cents an acre for Alaska, 27 cents an acre for the Philippines, and $35.80 for the Canal Zone. The total population is 25,950, of whom 97 percent are negroid; the language spoken is English; and illiteracy is approximately 20 percent. The colonial councils which govern the islands may initiate any legislation for local government which they see fit, but it is subject to the approval of the naval governor before it becomes law. Further, the governor may dissolve a council if he feels there is cause. The Danish laws in effect at the time of the transfer to American sovereignty have been continued by treaty until Congress may order otherwise. So far the only important steps taken by Congress affecting the islands have been the introduction of the income tax and prohibition. The latter became fully effective in July, 1922.

The inhabited islands include St. Thomas, which is the seat of government and has the finest harbor in the West Indies, fully equipped for coaling and oiling ships; the agricultural island of St. Croix, where sugar cane is raised, cattle grown, and sugar made in three factories controlled by Danish capital; and the smaller island of St. John, on which live one white man and 950 negroes. St. John is the real home of the bay tree, which produces the oil which the world-famous bay rum of the Virgin Islands is manufactured. The only industries of St. Thomas are bay rum and those centering about the harbor.

St. Thomas was settled in the seventeenth century. Even fifty years ago it was a metropolis, with schooners and ships calling from all the islands and carrying away cargoes that often amounted in value to several hundreds of thousands of dollars. It was in these days that gold coin, the medium of exchange, was carried through the streets in wheelbarrows. This prosperity extended back beyond the days when Alexander Hamilton came to St. Thomas from St. Croix to buy silk dresses for his mother's sister. To-day, the solidly built warehouses that once were filled with mountains of merchandise are

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merely stores; it is a town of shop-keepers instead of a city of merchants. This is usually explained by saying that the wireless has obviated the necessity of ships stopping at St. Thomas for their cabled orders, or that the prohibition law is driving ships of foreign register away and is ruining the bay rum industry.

Before discussing the economic factors of the prosperity or poverty of the islands, it should be explained that the monetary system of the islands is made up of Danish francs and bits, the franc amounting roughly to twenty cents American, the rate of exchange being $1.05 Danish for one dollar American. The money is issued by "Det Danske Vestindske National Bank" which controls the financial situation until 1924, by virtue of the treaty with the Danes which allowed it to continue as a monopoly until that date. It naturally does not make long-time loans, and the United States Government cannot establish a land bank or other institution to relieve the tightness of money until 1934. It is not irrelevant to point out here also that Danish capital controls, in addition to the bank, the coaling and docking company, the apothecary (whose monopoly expired this year), and the electricity plant, and that an English company controls the cable company, from which an annual subsidy of $8,000 was withdrawn recently by the American Government. There is little American capital invested in the islands.

We shall now examine the cry of failing business.

Prior to the transfer of the islands to American control, the largest amount of bay rum sold and exported during any fiscal year was the 32,839 gallons sold in 1915–1916. The smallest amount sold since the transfer was 28,719 gallons, in 1917–1918. And in 1919–1920 the amount sold and exported was 89,105 gallons, between two and a half and three times the amount sold in any year during the Danish régime. During the fiscal year ended last June, 79,630 gallons were sold. One of the four dealers in bay rum in St. Thomas now has two orders aggregating 140,000 gallons. There are many other smaller orders, but these two alone will exceed by 50,000 gallons the greatest previous annual export for all of the islands.

Thus it can be seen that prohibition has not killed the bay rum industry. The prohibition law did, however, cause the loss of thousands of dollars to persons who had been manufacturing the famous St. Croix rum. In the fiscal year ended June 30, 1916, the sale and export of rum was 69,900 gallons. Since the law became operative, thousands of gallons of molasses, the by-product left after the sugar is manufactured, and from which rum was made, have been allowed to waste. A group of American business men now proposes to use the sugar cane on St. Croix in the manufacture of alcohol. This syndicate would guarantee to buy the whole sugar cane crop for the manufacture of alcohol for export, a tax of $2.20 a gallon being paid into the colonial treasury. This money alone would come near to making the Virgin Islands self-supporting.

Economists (and collectors of customs) tell us that a community in a condition of healthy prosperity should show a trade balance in its favor. In other words, exports should exceed imports. This condition does not exist in the Virgin Islands, to judge only by the statistics, which show imports last year to the value of $2,061,358 for all the islands and exports to the value of $400,152. But these import figures include bunker coal and fuel oil, the former amounting last year to 61,325 tons and valued at $295,441, the latter amounting to

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2,051,374 gallons and valued at $149,993. Were this coal and oil, which are sold to ships that stop at St. Thomas only for fuel, to be figured as exports, that item would more nearly equal the imports and we would have a fairer criterion to the prosperity of the islands. In addition, a quantity of ships stores, charcoal, etc., are sold to sloops and schooners and not counted as exports.

St. Thomas harbor unquestionably is one of the best and most beautiful in the world. The entrance is 900 feet wide at its narrowest point, while within lies the landlocked and perfectly protected bay, a mile in diameter. Here, during the fiscal year ended June 30, 1925, there called 428 ships, possessing a tonnage of 1,472,262 tons (ships of less than 100 tons not counted). The average per month was slightly more than thirty-five. A drydock has now been bought from the United States Shipping Board and is to be brought to St. Thomas. With the arrival of the dock an increase in prosperity is predicted, as additional ships will come to the port for overhauling. There is no dock at San Juan, the nearest being at Fort-de-France, Martinique.

To the writer, who has visited other islands under American government, as well as the West Indian colonies of several European countries, the natives of the Virgin Islands seem on the average more intelligent, more cheerful and of a better class generally than those of the other islands of the Caribbean. Also, they are far cleaner and better-dressed (compare the number who wear shoes). They are personally loyal, but show a tendency to go where they are led rather than to form their own policies. This explains the size of the following of the chief so-called radical of the islands, the editor of a newspaper which constantly attacks the government for alleged maladministration. He does not conceal that he is supported through the American Civil Liberties Union. However, most of the sober-minded citizens, and there are a number such, are quietly accepting American rule, and are waiting to see how Uncle Sam will treat his "new nephew" when he begins to realize the full measure of the responsibilities he has assumed.

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SOME RECENT BOOKS ON INTERNATIONAL RELATIONS

By William L. Langer

General International Relations

THE WORLD COURT. By Antonio Sanchez de Bustamente. New York: Macmillan, 1925, 404 pp. $3.00.

The English translation of a standard work by a justice of the court.

SUPERSTITION OR RATIONALITY IN ACTION FOR PEACE. By A. V. Lundstedt. New York: Longmans, Green, 1925, 239 pp. $4.50.

A very able attack on current theories of jurisprudence and international law.

GEDANKEN ÜBER STAATSETHOS IM INTERNATIONALEN VERKEHR. By Herbert Kraus. Berlin: Deutsche Verlagsgesellschaft für Politik und Geschichte, 1925, 206 pp.

An original and stimulating lecture on the place of ethics in politics, by a well-known German authority.

LA ORGANIZACIÓN INTERNATIONAL DEL TRABAJO. By A. Fabra Rivas. Madrid: Pedreño, 1925, 198 pp. Pes. 5.

A socialistic criticism of the problem of labor in its international aspect.

INFORMATION ON THE REDUCTION OF ARMAMENTS. By J. W. Wheeler-Bennett. London: Allen and Unwin, 1925, 216 pp. 10/.

An indispensable handbook outlining the development of the problem since 1919 and supplying valuable documentary material.

HUMAN NATURE AND THE PEACE PROBLEM. FOREIGN POLICY AND OUR DAILY BREAD. By Norman Angell. London: Collins, 1925, 171, 202 pp. 2/6 each.

The latest essays of a well-known pacifist writer.

International Relations of the United States

THE INTIMATE PAPERS OF COLONEL HOUSE. Arranged by Charles Seymour. 2 vols. Boston: Houghton, Mifflin, 1926. $10.

These important papers, marking the end of Colonel House's reputation for reticence, will be widely read and widely quoted. They will revise many controversies and will be praised or blamed according to the sympathies of the reader.

THE PATHWAY OF PEACE. By Charles E. Hughes. New York: Harper, 1925, 338 pp. $4.00.

Addresses delivered by the former Secretary of State between 1920 and 1924.

DOLLAR DIPLOMACY. By Scott Nearing and Joseph Freeman. New York: Huebsch, 1925, 353 pp. $2.50.

An able presentation of American diplomacy from the radical viewpoint.

AN AMERICAN PEACE POLICY. By Kirby Page. New York: Doran, 1925, 94 pp. $1.00.

America's attitude toward the League and the Court, as seen by one of the leading pacifist writers.

THE UNITED STATES SENATE AND THE INTERNATIONAL COURT. By Frances A. Kellor and Antonia Hatvany. New York: Seltzter, 1925, 372 pp. $2.00.

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THE CONQUEST OF THE PHILIPPINES BY THE UNITED STATES, 1898–1925. By Moorfield Storey and Marcial Lichauco. New York: Putnam, 1926, 274 pp.

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PERSONALITIES AND REMINISCENCES OF THE WAR. By Major-General Robert L. Bullard. Garden City: Doubleday, Page, 1925, 375 pp. $5.00.

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Interesting recollections of personalities and events in the old Europe.

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DEFEATED VICTORY. By Marcel Sembat. London: Labour Publishing Company, 1925, 128 pp. 4/6.
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LES TENDANCES DES REFORMES AGRAIRES DANS L'EUROPE CENTRALE, L'EUROPE ORIENTALE ET L'EUROPE MERIDIONALE. By Pierre Jousse. Paris: Giard, 1925, 248 pp. F. 15.
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The program of French fascism, set forth by a well-known political writer.

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An important contribution to the story of the German Pacific squadron.

ERICH VON FALKENHAYN. By General H. von Zwehl. Berlin: Mittler, 1925, M. 10.

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A very able attack on Stresemann's foreign policy by a well-known nationalist.

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A controversial work on the effects of the Dawes plan.

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A reprint of vitriolic articles in the *Kreuzzeitung* by the nationalist leader.

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An exhaustive treatment of the Swiss military system.

DIE TSCHECHOSLOWAKEI. By Hugo Hassinger. Vienna: Rikola, 1925, 610 pp. M. 18.

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The only serious scholarly treatment of the subject.

ÄUSSERE WIRTSCHAFTSPOLITIK. MITTELEUROPÄISCHE PLÄNE. By Gustav Gratz and Richard Schüller. New Haven: Yale University Press, 1925, 334 pp.

One of the outstanding books in the Carnegie series.

LICENSED TO UNZ.ORG
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SPAIN, A SHORT HISTORY OF ITS POLITICS, LITERATURE AND ART. By Henry D. Sedgwick. Boston: Little Brown, 1925, 419 pp. $3.50.
An excellent brief survey.

LA VERDAD SOBRE LA DICTADURA. By Eduardo Ortega y Gasset. Paris: Librairie Cervantes, 1925, 340 pp. F. 15.
An important contribution to the recent history of Spain, highly hostile to the dictatorship.

IL MEDITERRANEO NELLA POLITICA EUROPEA. By Giuseppe de Luigi. Naples: Jovene, 1925, 506 pp. L. 60.
An exhaustive treatment of the Mediterranean question.

THE LIFE OF BENITO MUSSOLINI. By Margherita G. Sarfatti. London: Butterworth, 1925, 352 pp. 15/.
A very sympathetic biography.

ITALIA E ALBANIA. By Benedetto Caniglia. Rome: Brocato, 1925, 118 pp. L. 12.
An able and scholarly presentation of Italian relations with Albania from 1914 to 1920.

PASSIONE ADRIATICA. By Giulio Menini. Bologna: Zanichelli, 1925, 237 pp. L. 22.
An Italian nationalist's version of events in Dalmatia from 1918 to 1920.

POLEMICA ANTIFASCISTA. By Arturo Labriola. Naples: Ceccoli, 1925, 218 pp. L. 10.
The reactions of the famous socialist leader.

AN ECONOMIC HISTORY OF RUSSIA. By James Mavor. New York: Dutton, 1925, 649, 652 pp. $15.00.
A second edition of a standard work.

RUSSISCHE WIRTSCHAFTSGESCHICHTE. By Josef Kulischer. Jena: Fischer, 1925, 458 pp. M. 24.
The first volume of an admirable economic history.

SLAVONIC NATIONS OF YESTERDAY AND TODAY. Edited by Milivoy S. Stanoyevich. New York: Wilson, 1925, 461 pp. $2.40.
A reprint of miscellaneous articles on the Slavic nations, with a bibliography.

THE JEWS OF EASTERN EUROPE. By Arnold D. Margolin. New York: Seltzer, 1926, 292 pp. $2.50.
Comparing the lot of the Jews before and since the Russian Revolution.

RUSSIA. By Valentine O'Hara and N. Makeef. New York: Scribners, 1925, 346 pp. $3.00.
The best popular outline of Russian history in the twentieth century.

THE RED TERROR IN RUSSIA. By Sergei P. Melgounov. London: Dent, 1925, 285 pp. 6/.
A work of some importance, by a Russian historian.

MOSKVA I ZAPAD. By Sergei Platonov. Berlin: Obelisk, 1926, 157 pp. M. 3.
A stimulating essay on the western influence on Russia, by a prominent Russian historian.

DER STAAT, DAS RECHT UND DIE WIRTSCHAFT DES BOLSHEVISMUS. By A. Bogolepoff, B. Brutzkus and S. Von Bubnoff. Berlin: Rothschild, 1925, 350 pp. M. 14.
An interesting discussion of the theories of Bolshevism.

DAS STAATSBUDGET SOVETRUSSLANDS. By Wladimir Hessen. Berlin: Sack, 1925, 114 pp. M. 5.
A substantial monograph published by the *Osteuropa Institut.*

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NEUERE RUSSISCHE WERT UND KAPITALZINSTHEORIEN. By Hans J. Seraphim. Berlin, de Gruyter, 1925, 194 pp. M. 6.

A valuable technical examination of recent Russian economic theories.

DIE SOZIALPOLITIK IN DER UNION DER SOZIALISTISCHEN SOVETREPUBLIKEN. By Hans von Eckardt. Berlin: Sack, 1925, 35 pp. M. 1.75.

A good brief outline of Bolshevik social legislation.

DIE ROTE ARMEE. By Fritz Techow. Berlin: Sack, 1925, 55 pp. M. 2.50.

An excellent short outline of the Bolshevik army.

The British Commonwealth of Nations

ENGLAND UND DER KRIEGSAUSBRUCH. By G. von Jagow. Berlin: Verlag für Kulturpolitik, 1925, 82 pp.

A reply to Earl Grey's memoirs, by a former German statesman.

THE BRITISH EMPIRE. By Albert Demangeon. London: Harrap, 1925, 299 pp. 7/6.

An important study of British colonial affairs by a French authority.

SOCIAL AND DIPLOMATIC MEMORIES. By Sir James Rennell Rodd. Vol. III. New York: Longmans, 1925, 413 pp. $7.50.

An English diplomat's reminiscences covering the period from 1902 to 1919, important for the story of Italy's entrance into the war.

QUESTIONS OF THE HOUR. By Viscount Milner. London: Nelson, 1925, 214 pp. 2/.

A revised edition, with added material, of the political essays of an eminent British imperialist.

THE GERMAN AIR RAIDS ON GREAT BRITAIN. By Captain Joseph Morris. London: Sampson Low, 1925, 306 pp. 16/.

Hardly more than a catalog of raids.

THE BOOK OF THE LABOUR PARTY. Edited by Herbert Tracy. London: Caxton Publishing Company, 1925, 292, 351, 360 pp. 63/.

Authoritative essays on the origins, history, policies and leaders of the Labor Party.

LABOUR AND NATIONALISM IN IRELAND. By J. Dunsmore Clarkson. New York: Longmans, 1925, 502 pp. $4.50.

A scholarly examination of the relation of Labor to the Nationalist movement in Ireland.

INDIA IN 1924–1925. By L. F. Rushbrook Williams. Calcutta: Government of India, 1925, 435 pp. 3/.

An authoritative survey of events and conditions. Invaluable.

The Near East

THE CAULDRON OF EUROPE. By Harold Spender. London: Witherby, 1925, 272 pp. 15/.

A well-known English publicist's travel experiences in the Balkans. Not very deep.

THE SERAJEVO CRIME. By M. Edith Durham. London: Allen and Unwin, 1925, 208 pp. 7/6.

A severe, but scarcely unbiased indictment of the Serbs.

A HISTORY OF ROUMANIA. By N. Iorga. London: T. Fisher Unwin, 1926, 284 pp. 10/6.

Probably the standard account, in English, of Rumanian characteristics and national history.

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DIE STAATS UND VOELKERRECHTLICHE STELLUNG BESSARABIENS UND DER BUKOWINA. By J. Toporul. Vienna: Herrmann, 1925, 29 pp.
A brief exposition of the Ukrainian claim.

DAS MINORITÄTENPROBLEM IN GROSSROMÄNIEN. By Ludwig Ciato: Cluj: Providentia, 1925, 34 pp. Lei 15.
An interesting essay by a Rumanian scholar.

PRO MACEDONIA. Vienna: Makedon, 1925, 51 pp. M. 1.20.
A series of articles on the Macedonian question, by Bulgarian leaders.

THE MOSLEM WORLD OF TODAY. Edited by John R. Mott. New York: Doran, 1925, 435 pp. $2.50.
An excellent study written from the non-political standpoint.

DER SUEZKANAL. By Alfred Birk and Karl Müller-Hamburg. Hamburg: Boysen and Maasch, 1925, 144 pp. M. 4.
A short history of the canal, with an able discussion of its present-day importance.

DER KAMPF UM DAS HEILIGE LAND. By Wolfgang Weisl. Berlin: Ullstein, 1925, 312 pp. M. 7.
An account of present conditions in Palestine.

UNTER DER GLUTSONNE IRANS. By Oskar von Niedermayer. Munich: Einhorn, 1925, 331 pp. M. 7.
Reminiscences of the war-time German expedition to Persia and Afghanistan.

DIE MOSSULFRAGE. By Fritz Hesse. Berlin: Vowinckel, 1925, 68 pp. M. 3.50.
A careful study of the question in its geophysical aspect.

THE AMERICAN TASK IN PERSIA. By Arthur C. Millspaugh. New York: Century, 1925, 336 pp. $3.00.
An important contribution to the Persian question, by an American employee of the Persian Government.

Africa

ABD-EL-KRIM CONTRA FRANCIA. By López Rienda. Madrid: Talleres, 1925, 366 pp. P. 4.50.
Impressions of a Spanish journalist.

LE RÊVE D'ABD-EL-KRIM. By Ladreit de Lacharrière. Paris: Peyronnet, 1925, 272 pp. F. 9.
A useful account of recent events in Morocco, with a consideration of the international aspects of Abd-El-Krim's activities.

CONDITION INTERNATIONALE DE L'ÉGYPTE. By Mu Cho Liu. Paris: Godde, 1925, 125 pp. F. 8.
An outline of the Egyptian question since 1912.

The Far East

GESCHICHTE OSTASIENS. VOL. II. NEUERE GESCHICHTE. By Friedrich E. A. Krause. Göttingen: Vandenhoek und Ruprecht, 1925, 488 pp. M. 18.
The second volume of an exhaustive history of the Far East.

DER KAMPF UM ASIEN. VOL. II. DER KAMPF UM OSTASIEN UND DEN STILLEN OZEAN. By Hans Rohde. Stuttgart: Deutsche Verlagsanstalt, 1926, 368 pp. M. 16.
The second volume of an excellent history of the Far Eastern question in its international aspect.

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THE GOVERNMENT OF CHINA, 1644–1911. By Pao Chao Hsieh. Baltimore: Johns Hopkins Press, 1925, 414 pp. $3.00.

A valuable book for reference, containing much material not otherwise available.

OCCIDENTAL INTERPRETATIONS OF THE FAR EASTERN PROBLEM. By H. G. W. Woodhead, H. K. Norton and J. Arnold. Chicago: Chicago University Press, 1926, 261 pp. $2.00.

Important lectures by prominent authorities.

ORIENTAL INTERPRETATIONS OF THE FAR EASTERN PROBLEM. By Michimasa Soyeshima and P. W. Kuo. Chicago: Chicago University Press, 1925, 228 pp. $2.00.

The companion volume to the above.

CHINA AND THE WEST. By W. E. Soothill. London: Milford, 1925, 224 pp. 10/6.

One of the best short accounts of the intercourse of the Chinese with the western powers.

LE PROBLÈME CONSTITUTIONEL CHINOIS. By James Woo. Paris: Giard, 1925, 168 pp. F. 15.

Primarily a discussion of the constitution of 1923.

THE TRUTH ABOUT THE CHINESE REPUBLIC. By H. G. W. Woodhead. London: Hurst and Blackett, 1925, 287 pp. 15/.

A plea for salvation from within, by a foreigner resident in China.

CHINA'S NEW NATIONALISM. By Harley F. MacNair. New York: Stechert, 1925, 398 pp. $2.00.

A series of stimulating essays by a man on the spot.

WHY CHINA SEES RED. By B. L. Putnam Weale. New York: Dodd, Mead, 1925, 349 pp. $3.00.

The political situation as seen by the adviser of the Chinese Government in foreign affairs.

ARBEITERBEWEGUNG UND REVOLUTION IN CHINA. Berlin: Führer, 1925, 160 pp. M. 1.50.

Contains some significant essays by Radek and other communists.

Latin America

THE DESTINY OF A CONTINENT. By Manuel Ugarte. New York: Knopf, 1925, 317 pp. $3.50.

The author discusses the danger of the absorption of Latin America by the United States.

Miscellaneous

VON MACHIAVELLI BIS LENIN. By Karl Vorländer. Leipzig: Quelle und Meyer, 1926, 287 pp. M. 10.

An excellent brief outline of the development of modern political thought.

ISRAEL. By Ludwig Lewisohn. New York: Liveright, 1925, 294 pp. $3.00.

An examination of the social and international position of the Jew.

PETROL. By Ernst Reinhard. Bern: Sozialdemokratische Partei der Schweiz, 1925, 99 pp. F. 1.

A severe indictment of present-day imperialism.

DAS ERDÖL. By Hellmuth Wolff. Leipzig: Hirzel, 1925, 802 pp. M. 60.

The sixth and last volume of an exhaustive study of petroleum, covering the history of the industry since 1919.

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By Denys P. Myers

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ABYSSINIA

ABYSSINIAN Raids and Incursions into British Territory. London, 1925. 28 p. 24½ cm. (Abyssinia No. 1 (1925). Cmd. 2553.) 6d.

ANGOLA

NOTES exchanged between the United Kingdom and Portugal confirming the Protocol, signed at Cape Town on March 5, 1915, defining a section of the frontier line between the Portuguese Colony of Angola and Rhodesia. Lisbon, November 3, 1925 (with a map). London, 1925. 20 p. 24½ cm. (Treaty Series No. 55 (1925). Cmd. 2568.)

ARMAMENT, GERMANY

CORRESPONDENCE between the Ambassadors' Conference and the German Ambassador at Paris respecting German Disarmament, Evacuation of Cologne Zone and Modification in the Rhineland Régime. Paris, October–November, 1925. London, 1925. 14 p. 24½ cm. (Misc. No. 12. (1925). Cmd. 2527.) 3d.

MATERIALIEN zur Entwaffnungsnote. Berlin, Reichsdruckerei, 1925. 159 p. 30 cm.

BANKING AND TRADE

MEMORANDUM on Balance of Payments and Foreign Trade Balances, 1910–1924. Geneva, 1925. 2 vols. 181, 722 p. 27 cm. $5.00. Vol. I, Balance of Payments and Summary Trade Tables; Vol. II, Trade Statistics of Fifty-Seven Countries.

MEMORANDUM on Currency and Central Banks, 1913–1924. Geneva, 1925. 2 vols. 238, 314 p. 27½ cm. $4.50.

CLAIMS AND DAMAGES

AGREEMENT between the United States and Austria and Hungary for the Determination of the Amounts to be paid by Austria and by Hungary in Satisfaction of their Obligations under the Treaties concluded by the United States with Austria on August 24, 1921, and with Hungary on August 29, 1921. Signed at Washington, November 26, 1924. Washington, 1926. 3 p. 23 cm. (Treaty Series, No. 730.)

FIFTH ANNUAL Report of the Controller of the Clearing Office, the Administrator of German, Austrian, Hungarian and Bulgarian Property and the Director of the Russian Claims Department. London, 1925. 55 p. 24½ cm. 1s. 6d.

ROYAL COMMISSION on Compensation for Suffering and Damage by Enemy Action. London, 1923. 14 p. 24½ cm. (Cmd. 1798.)

COURT OF INTERNATIONAL JUSTICE — PERMANENT

ADVISORY OPINION concerning the interpretation of Article 3, Paragraph 2, of the Treaty of Lausanne (Frontier between Turkey and Iraq); submitted to the Court in pursuance of a Resolution of the Council of the League of Nations, dated September 19, 1925. Opinion delivered by the Court on November 21, 1925 (with one Annex). 35 double pages. 24½ cm. (Series B, No. 12.) $.50.

SEVENTH EXTRAORDINARY Session (April–May, 1925). Documents relating to Advisory Opinion No. 11 (May 16, 1925). Polish Postal Service in Danzig. 558 p. 25 cm. (Series C, No. 8.) $4.80.

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COMMERCIAL

AGREEMENT effected by Exchange of Notes between the United States and Poland, to which the Free City of Danzig is a contracting party, according mutual unconditional most-favored-nation treatment in customs matters. Signed February 10, 1925. Washington, 1925. 4 p. 23 cm. (Treaty Series No. 727.)

COMMERCIAL CONVENTION between Canada and the Netherlands. Signed at Ottawa, July 11, 1924. (Ratifications exchanged at Ottawa, October 28, 1925.) London, 1925. 5 p. 24½ cm. (Treaty Series No. 52 (1925). Cmd. 2555.) 2d.

NOTES exchanged between the United Kingdom and Albania respecting the commercial Relations between the two countries. June 10, 1925. London, 1925. 4 p. 24½ cm. (Treaty Series No. 47 (1925). Cmd. 2522.) 1d.

NOTES exchanged between the United Kingdom and Bulgaria providing for the Provisional Regulation of Commercial Relations between the two Countries. Sofia, November 12, 1925. London, 1925. 4 p. 24½ cm. (Treaty Series No. 53 (1925). Cmd. 2556.) 1d.

DANUBE

REPORT on Danube Navigation submitted to the Advisory and Technical Committee for Communications and Transit of the League of Nations. By Walker D. Hines (with the aid of Major Brehon Somervell). 187 p. 27 cm. (League of Nations, C. 444 (a). M. 164 (a). 1925. VIII.) $1.60.

DANZIG

FREE CITY of Danzig. Delimitation of the Port of Danzig for the Purposes of the Polish Postal Service. Report of the Experts. 4 p., 3 maps. 32½ cm. (League of Nations, C. 430. 1925. I.) $.80.

DOMINICAN REPUBLIC

CONVENTION between the United States and the Dominican Republic to replace the Convention of February 8, 1907, between the two Governments providing for the Assistance of the United States in the Collection and Application of the customs Revenues of the Dominican Republic. Signed at Washington, December 27, 1924. Washington, 1925. 7 p. 23 cm. (Treaty Series, No. 726.)

CONVENTION of Ratification between the United States and the Dominican Republic as contained in the Agreement of Evacuation of June 30, 1922. Signed at Santo Domingo, June 12, 1924. Washington, 1926. 21 p. 23 cm. (Treaty Series, No. 729.)

ECONOMIC CONFERENCE

GENERAL Economic Conference. Report by the Second Committee to the Sixth Assembly. 2 p. 34 cm. (League of Nations, A. 112. 1925. II.)

INTERNATIONAL Economic Conference. Resolutions proposed by the Second Committee and adopted by the Assembly on September 24th, 1925 (morning). 1 p. 34 cm. (League of Nations, A. 119. 1925.)

INTERALLIED DEBTS

THE BELGIAN Debt Settlement. Message from the President of the United States transmitting Copy of an Agreement, dated August 18, 1925. . . . Washington, 1925. 8 p. 23½ cm. (Sen. Doc. No. 4, 69th Cong., 1st sess.)

THE CZECHOSLOVAK Debt Settlement. Message . . . transmitting Copy of an Agreement, dated October 13, 1925. . . . (Sen. Doc. 6, 69th Cong.)

THE ESTHONIAN Debt Settlement. Message . . . transmitting Copy of an Agreement, dated October 28, 1925. . . . (Sen. Doc. 7, 69th Cong.)

THE ITALIAN Debt Settlement. Message . . . transmitting Copy of an Agreement, dated November 14, 1925. . . . (Sen. Doc. No. 3, 66th Cong.)

THE LATVIAN Debt Settlement. Message . . . transmitting Copy of an Agreement, dated September 24, 1925. . . . (Sen. Doc. No. 8, 66th Cong.)

THE RUMANIAN Debt Settlement. Message . . . transmitting Copy of an Agreement, dated December 4, 1925. . . . (Sen. Doc. No. 5, 66th Cong.)

IRAQ — TURKEY

DECISION relating to the Turco-Irak Frontier adopted by the Council of the League of Nations. Geneva, December 16, 1925. London, 1925. 5 p. 24½ cm. (Misc. No. 17 (1925). Cmd. 2562.) 2d.

REPORT by M. Undén on the Question of the Turco-Irak frontier. Geneva, December 16, 1925. London, 1925. 9 p. 24½ cm. (Misc. No. 20 (1925). Cmd. 2565.) 3d.

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REPORT to the Council of the League of Nations by General F. Laidoner on the Situation in the Locality of the provisional Line of the Frontier between Turkey and Irak fixed at Brussels on October 29, 1924. Mosul, November 23, 1925. London, 1925. 7 p. 24½ cm. (Misc. No. 15 (1925). Cmd. 2557.) 2d.

TURCO-IRAK Frontier. Memorandum on the Enquiry conducted by MM. Ortega-Nuñez, Markus and Charrère into the deportation of Christians in the Neighborhood of the Brussels line. Mosul, November 23, 1925. London, 1925. 8 p. 24½ cm. (Misc. No. 18 (1925). Cmd. 2563.) 2d.

LABOR

COMPENSATION for Occupational Diseases. Comparative Analysis of National Legislation. Geneva, 1925. 76 p. 24 cm. (I. L. O., Series M, No. 3.) $.25.

COMPENSATION for Industrial Accidents. Comparative Analysis of National Laws. Geneva, 1925. 655 p. 24 cm. (I. L. O., Series M, No. 2.) $3.00.

GENERAL PROBLEMS of Social Insurance. Geneva, 1925. 136 p. 24 cm. (I. L. O., Series M, No. 1.) $.60.

INTERNATIONAL LABOUR CONFERENCE. Seventh Session. Verbatim Record of Proceedings. Geneva, 1925. 2 vols. xli, 1450 p. 32 cm. $6.25.

THE SECOND INTERNATIONAL Conference of Labour Statisticians, held at Geneva, 20 to 25 April, 1925. 80 p. 24 cm. (I. L. O., Series N, No. 8.) $.30.

UNEMPLOYMENT Insurance. A Study of Comparative Legislation. Geneva, 1925. 134 p. 24 cm. (I. L. O., Series C, No. 10.) $.50.

LEAGUE OF NATIONS — COUNCIL

MINUTES of the Thirty-Fifth Session of the Council, held at Geneva, Wednesday, September 2nd, to Monday, September 28th, 1925. (*Official Journal*, VI, No. 10, October, 1925, p. 1299–1548.) $2.40.

MINUTES of the Thirty-Sixth (Extraordinary) Session of the Council, held at Paris from Monday, October 26, to Friday, October 30, 1925. (Appeal by the Bulgarian Government under Articles 10 and 11 of the Covenant). (*Official Journal*, VI, No. 11, Pt. II, November, 1925, p. 1695–1720.) $.50.

LOCARNO

FINAL PROTOCOL of the Locarno Conference, 1925 (and Annexes), together with Treaties between France and Poland and France and Czechoslovakia. Locarno, October 16, 1925. London, 1925. 61 p. 24½ cm. (Misc. No. 11 (1925). Cmd. 2525.) 1s.

PACTE DE SÉCURITÉ. II. Documents signés ou paraphés à Locarno le 16 octobre 1925, précédés de six pièces relatives aux négociations préliminaires. (20 juillet — 16 octobre 1925.) Paris, Imprimerie des Journaux officiels, 1925. 39 p. 28 cm.

MANDATES

MANDATE for Palestine and Transjordan. 6 double pages. 34 cm. (League of Nations, C. P. M. 269.) $.15.

PERMANENT MANDATES COMMISSION. Minutes of the Sixth Session, held at Geneva from June 26 to July 10, 1925. 186 p. 34 cm. (League of Nations, C. 386. M. 132. 1925. VI.) $1.60.

———— Minutes of the Seventh Session, held at Geneva from October 19 to October 30, 1925. 233 p. 34 cm. (League of Nations, C. 648. M. 237. 1925. VI.)

IRAQ. Report by His Britannic Majesty's Government on the Administration of Iraq, for the period April, 1923–December, 1924. London, 1925. 224 p. 24½ cm. (Colonial No. 13.)

PALESTINE. Report by His Britannic Majesty's Government on the Administration under Mandate of Palestine and Transjordan for the year 1924. London, 1925. 70 p. 24½ cm. (Colonial No. 12.)

TANGANYIKA. Report by His Britannic Majesty's Government on the Administration under Mandate of Tanganyika Territory for the year 1924. 79 p. 24½ cm. 1 map. (Colonial No. 11.)

TOGOLAND. Report by His Britannic Majesty's Government on the Administration under Mandate of British Togoland for the year 1924. London, 1925. 97 p. 24½ cm. (Colonial No. 14.)

MEDICAL

AGREEMENT between the United Kingdom and Italy to regulate the professional Practice of medical Practitioners in their respective Territories. Signed at Rome, May 21, 1925. London, 1925. 5 p. 24½ cm. (Treaty Series No. 50 (1925). Cmd. 2551.) 2d.

MEMEL

CONVENTION between the British Empire, France, Italy, Japan, and Lithuania respecting the Memel Territory and the Statute of the Memel Territory. Signed at Paris, May 8, 1924. London, 1925. 16 p. 24½ cm. (Treaty Series No. 48 (1925). Cmd. 2541.) 3d.

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NEGOTIABLE INSTRUMENTS

INTER-AMERICAN High Commission. Negotiable instruments. Comparison of American legislation on bills of exchange and promissory notes with uniform regulation adopted at Hague convention of 1912 (with list of references): published by Central Executive Council. Washington, 1925. x, 249 p. (English and Spanish.) $.35.

OPIUM

ADVISORY COMMITTEE on Traffic in Opium. List of Seizures reported to the League of Nations since 1921. Geneva, 1925. 104 p. 33 cm. (League of Nations, O.C. 294.) $1.00.

———— Minutes of the Seventh Session, held at Geneva from August 24 to 31, 1925. 114 p. 33½ cm. (League of Nations, C. 602. M. 192. 1925. XI.) $1.00.

PALESTINE

CONVENTION between the United States and Great Britain. Rights in Palestine. Signed at London, December 3, 1924. Washington, 1925. 10 p. 23 cm. (Treaty Series, No. 728.)

The British text is Treaty Series No. 54 (1925). Cmd. 2559. 3d.

REPARATION

AGREEMENT regulating the amounts to be allocated out of the Second Dawes Annuity for the Armies of Occupation in the Rhineland, the Inter-Allied Rhineland High Commission and the Inter-Allied Military Commission of Control in Germany. Paris, September 21, 1925. London, 1925. 7 p. 24½ cm. (Misc. No. 16 (1925). Cmd. 2558.) 2d.

DISTRIBUTION of the Pre-War Austrian and Hungarian Debt. Paris, Reparation Commission, January, 1925. [Vienna, State Printing Office, 1925.] 72 p. 31 cm. (Reparation Commission, VII.)

GERMAN REPARATION (Recovery) Act, 1921. Statement showing the amounts paid into the Special Account under Section 1 (3) of the German Reparation (Recovery) Act, 1921 (11 Geo. V. c. 5), and the Application thereof, during the period 1st April, 1924, to closing of account. London, 1925. 2 p. 24½ cm. 1d.

REPARATION COMMISSION. Prague Agreement (November 14, 1925). Annex 2711ª. 8 p. 32 cm.

REPARATION COMMISSION. Annex No. 2711 bl, b 2. Statements made by the Rumanian Delegate to the Conference of Prague. 5 p. 31½ cm.

REPARATION COMMISSION. Annex No. 2711°. Statement made by the Managing Board of the "Caisse Commune". (Prague, November 13, 1925). 2 p. 31 cm.

REPORT of the Agent General for Reparation Payments. November 30, 1925. Berlin, 1925. 117 p. 24½ cm.

REPORT of the Agent General for Reparation Payments. (May 30, 1925.) London, 1925. 66 p. 33 cm. (Reparation Commission. X. Official Documents.) 5s.

THE REPORT of the Minister of Finance to the Counsel of Ministers on the Situation of Roumania created by the Reparation and Interallied Debts Policy September 24, 1925. Bucarest, Government press, 1925. 94 p. 32 cm. (At head of title: Roumania. Minister of finance.)

A French edition in 2 vols.with annexes exists under the title: "Rapport du Ministre des finances sur la situation créée à la Roumanie par la politique des réparations et des dettes interalliées, septembre 24e 1925."

REPORT of the Commissioner for the German Railways to the Reparation Commission, October 28, 1925. 35 p., diagr. 33 cm.

REPORT of the Trustee for German Industrial Debentures. (March 1, 1925 to August 31, 1925). 7 p. 31½ cm.

REPORT of the Commissioner of Controlled Revenues. (1st March 31, August, 1925). 12 p. 31 cm.

RHINE

CONVENTION and Additional Protocol drawn up by the Central Commission of the Rhine to replace certain Articles of the Convention of October 17, 1868, and the Convention of June 4, 1898, regarding Rhine Navigation Certificates. Strasbourg, December 14, 1922, and December 22, 1923. (British ratification deposited, June 8, 1925.) London, 1925. 7 p. 24½ cm. (Treaty Series No. 46 (1925). Cmd. 2521.) 2d.

SHIPPING

AGREEMENT effected by Exchange of Notes between the United States and Finland respecting tonnage dues and other charges. Signed December 21, 1925. Washington, 1926. 2 p. 23 cm. (Treaty Series, No. 731.)

DESPATCH to His Majesty's Representatives Abroad notifying the Denunciation by His Majesty's Government of the Convention (No. VI) signed at The Hague on October 18, 1907, relative to the status of Enemy Merchantships at the Outbreak of Hostilities. London, December 18, 1925. London, 1925. 3 p. 24½ cm. (Misc. No. 19 (1925). Cmd. 2564.) 1d.

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II: PUBLIC DOCUMENTS UNOFFICIALLY PRINTED

Relations between states are indexed in English alphabetical order under the name of the first state party thereto. In addition to usual abbreviations the following are used: *A. J. I. L., Sup.*, American Journal of International Law, Supplement; *B. I. I. I.*, Bulletin de l'Institut intermédiaire international; *B. P. A. U.*, Bulletin of the Pan American Union; *Com. Rep.*, Commerce Reports; *Cong. Rec.*, Congressional Record; *Cur. Hist.*, Current History; *S. D.*, Department of State releases; *E. n.*, Europe nouvelle; *gén.*, général (e); *int.*, international (e).

DEPARTMENT OF STATE RELEASES, JULY 1—DEC. 31, 1925

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THE MEANING OF THE "DAWES PLAN"

An address before the Council on Foreign Relations, New York, January 12, 1926

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THE question that I most often hear, both in America and in Europe, runs substantially like this: "Do you think the Dawes Plan is going to be a success?" Frequently it is coupled with the question: "Is it going to be possible to transfer in 1929–1930 the full 2½ milliards of gold marks which will have to be paid by Germany in that year?" And more recently there seems to be a growing tendency toward still a third question, as to just when it will be possible to sell in the security markets of the world all or some part of the 11 milliard gold marks of reparation bonds which have already been issued by the German Railway Company under the terms of the Plan.

I am not going to take on the rôle of a prophet and try to answer all of these questions for you to-night. On the contrary, it seems to me that the very questions themselves show a certain misconception of the Dawes Plan, or at least a tendency to some confusion of thought about it. The term "Dawes Plan" itself makes such a convenient phrase that people tend to use it blindly, without stopping to analyze what it really means. Like most phrases, it encourages loose thinking and that in turn leads to misunderstanding and confusion. All of you have heard a great deal about the Dawes Plan, — sometimes, I imagine, too much about it. Some of you have undoubtedly read it, and probably most of you have given it some study and are acquainted with its general progress. But even in a gathering as well-informed as this, it seemed to me that it might be helpful if I were to try to interpret the Plan to you as I see it in operation. Without troubling you with details, therefore, I am going to outline as briefly as possible what the Dawes Plan proposed to do, how it is working in actual practice, and what it means not only from the point of

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view of the reparation question but also to the general reconstruction of Europe.

The "Dawes Plan" is the name commonly given to the Report presented by the First Committee of Experts in April, 1924, in response to the invitation of the Reparation Commission to "consider the means of balancing the budget and the measures to be taken to stabilize the currency" of Germany. It was adopted by agreement between the Allied and German Governments at the London Conference in August, 1924, and went into effect on September 1, 1924. It has now been in actual operation for over sixteen months, and stands to-day as the working agreement between the German Government and the Allied Governments on the subject of reparation payments. Enough time has now elapsed to give some perspective on the Plan itself, and to make it possible to examine it in its relation to the course of events.

To understand the Experts' Plan one must see it in its historical setting. It is necessary to look back to the conditions that preceded its adoption and to remember the situation that it was intended to meet. The whole question of reparations was then in deadlock, and Europe itself, for want of a settlement, seemed to be drifting toward disaster. Germany was on the verge of collapse, after an unprecedented period of inflation, and was in a state of extreme disorder and disorganization. This had followed a period of nearly five years of drifting on the reparation question. Under the Treaty of Versailles, Germany had undertaken to pay reparations to the Allied and Associated Powers, by way of compensation for damages suffered by their civilian population and for pensions and separation allowances. The Treaty itself had not fixed the total sum to be paid by Germany but referred this question to the Reparation Commission for determination. The Commission subsequently assessed the reparation liability at 132 milliards of gold marks. This debt the London Agreement of May 5, 1921, divided into three series of bonds, Series A amounting to 38 milliards, Series B amounting to 12 milliards and Series C amounting to 82 milliards. The Series C bonds were to be issued only as and when the Reparation Commission so decided, but the Series A and Series B bonds were issued at once, with interest at the rate of 5 per cent per annum and amortization at the rate of 1 per cent. The payments on the A and B bonds were to be made in the form of an Annuity of 2 milliards of gold marks, plus an amount equivalent to 26 per cent of all German exports, and pro-

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vision was also made for the payment of part of the Annuity by means of deliveries in kind. The German currency, however, continued to depreciate in the face of these demands, and the schedule of payments drawn up by the Reparation Commission soon had to be suspended. On December 26, 1922, the Reparation Commission, by vote of three to one, declared Germany in default as to certain deliveries in kind under the Treaty. Subsequently, on January 11, 1923, French and Belgian troops occupied the Ruhr district. Then came passive resistance on the part of Germany and conditions grew steadily worse until they reached a crisis in the fall of 1923.

In the meantime, on December 29, 1922, Secretary of State Hughes had made his now-famous New Haven speech. "The crux of the European situation," he said, "lies in the settlement of reparations. There will be no adjustment of other needs, however pressing, until a definite and accepted basis for the discharge of reparation claims has been fixed. It is futile to attempt to erect any economic structure in Europe until the foundation is laid." The Secretary then made the suggestion of the appointment of a committee of experts to make recommendations as to the amounts to be paid and a financial plan for working out the payments. "There ought to be a way," he said, "for statesmen to agree upon what Germany can pay, for no matter what claims may be made against her, that is the limit of satisfaction." "There ought to be a way to determine that limit and to provide a financial plan by which immediate results can be obtained, and the European nations can feel that the foundation has been laid for their mutual and earnest endeavors to bring about the utmost prosperity to which the industry of their people entitles them. If statesmen cannot agree, and exigencies of public opinion make their course difficult, then there should be called to their aid those who can point the way to a solution."

Here was the germ of the Experts' Plan, but it was not until about a year later that it began to take definite shape. Under date of October 12, 1923, Lord Curzon addressed to the United States Government a note expressing the British Government's approval of the suggestion of Secretary Hughes, and proposing an immediate inquiry. "The information which reaches America," Lord Curzon said, "will have acquainted the American Government with the extremely critical economic position that has arisen in Europe owing to failure to find any solution for the

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reparation problem, which daily becomes more acute as the financial and political condition of Germany grows worse. There does not appear to be among the European powers that unity of thought which either renders common action feasible or will be successful in finding an early solution. . . . And yet without such action, not merely Germany, but Europe, appears to be drifting into economic disaster." Secretary Hughes replied on October 15, 1923, indicating the willingness of the United States to coöperate, and reiterating the "deep interest of the United States in the economic situation in Europe and its readiness to aid in any practicable way to promote recuperation and a reëstablishment of economic stability." "It is believed," the Secretary said, "that present conditions make it imperative that a suitable financial plan should be evolved to prevent economic disaster in Europe, the consequence of which would be world wide. It is hoped that existing circumstances are propitious for the consideration of such a plan, inasmuch as the abandonment of resistance on the part of the German Government will present a freer opportunity and an immediate necessity for establishing an economic program." There followed an active discussion between the interested Governments, extending over the next two months, and, as a result, in December, 1923, the Reparation Commission appointed the two Committees of Experts. The First Committee, which has come to be known as the Dawes Committee, was asked to consider "the means of balancing the budget and the measures to be taken to stabilize the currency" of Germany. At the same time it necessarily considered the problem of reparation payments, and recommended the so-called "Dawes Plan" for the organization of those payments within Germany and their transfer to the creditor countries.

Such in brief was the history of the reparations problem up to the adoption of the Experts' Plan, and this was the situation that it was intended to meet. It was needed to bring order out of chaos, and to provide a foundation for the peaceful reconstruction of Europe. From this point of view it has already been a success. It has reduced the problem of reparations to a rational basis, and provided for a practical trial of its possibilities. It has substituted methods of patient inquiry and orderly administration for futile bickerings and speculations. Instead of endless discussion as to how much Germany might be able to pay and as to whether or not she was willing to pay, we are now in the course of finding out

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by actual experience what can safely be paid and transferred. The Plan has put an end to charges and countercharges on the question of Germany's good faith and substituted the test of actual performance under a schedule of reparation payments that, as the Experts said, adjusts itself to realities. As a result, the creditor countries are now actually getting reparations instead of merely talking about them, and Germany for the first time since the armistice has had that sense of security and renewed hope which was the essential condition not only of her own recuperation but of the payment of reparations itself.

The Experts' Plan would never have been able to achieve this result if it had not been inspired by a sense of fairness and justice and illuminated all the way through by a deep understanding of human nature and of human relations. It was grounded, first of all, on the fundamental principle of self-interest. At the outset of their Report, for example, the Experts said: "Convinced as we are that it is hopeless to build any constructive scheme unless this finds its own guarantee in the fact that it is to the interest of all the parties to carry it out in good faith, we put forward our plan relying upon this interest. We hope the character of our plan will itself assist in securing this guarantee, which is essential for its execution; but in the main, of course, it must be for others to take such measures as are necessary to maintain or assure it." It was manifest that any plan, if it were to succeed, must give Germany new hope for the future and the incentive to work again for her own rehabilitation. Recognizing this, the Experts framed their Plan on the theory of helping the German people to help themselves. It wisely avoided any system of foreign controls that would take away from the German authorities the responsibility for their own administration and provided instead for foreign participation and coöperation in a way that would assist in the work of reconstruction. "If, as we believe," the Experts said, "the payments which we have suggested can be made without compromising budget stability, it is in our opinion not impossible to establish a system in which a combination of self-interest and latent pressure will suffice to assure sound financial administration." With this in view, certain specific revenues, that is to say, those from the customs, beer, tobacco and sugar, and the net return from the alcohol monopoly, were assigned to and under the control of Germany's creditors, as security for the payment of the budget contributions and as further security for the payment of the

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charges on German railroads and industry. But no general budgetary control was imposed, and this safeguard was expressly reserved for the case of "Germany's wilful failure to meet the obligations now laid upon her." The responsibility remains with Germany to administer her own institutions, and primarily it is the German people themselves who will suffer from bad management.

The Plan also recognized that a fundamental condition of recuperation was the restoration of confidence. The principle of self-help pre-supposed that Germany must be given an opportunity to work out her own salvation. The Experts accordingly aimed to provide a sense of security that would permit the reconstruction of the German economy to proceed in an orderly way. It fixed, for example, the total amount that Germany should be called upon to pay each year and provided that this should be all-inclusive, thus putting an end to the threat of new or unexpected demands. It recognized the necessity for expert regulation of the transfer of reparation payments abroad, and set up the Transfer Committee for the protection of the German exchange. It emphasized the vital importance of restoring the economic and fiscal unity of Germany, and, as supplemented by the London Agreement of August, 1924, it limited in many ways the possibilities of sanctions outside of the Plan. It recognized to the full the principle of arbitration and provided in detail for arbitrations of such disputed points as might arise.

Enough has been said to indicate the philosophy underlying the Plan and the basis on which it aimed to provide a practical test of the possibilities of reparations. This involved on the one hand a test of what Germany could do by way of internal payments, and on the other a test of what the German economy could afford to pay and the creditor countries could afford to receive in the form of payments abroad. In order to assure a fair determination of the capacity of Germany to pay internally, the Plan set up a system of internal controls which it is unnecessary here to do more than summarize. The Reichsbank was reconstituted and made independent of the Government. A number of foreign members were placed on its General Council, and one of them was designated as Commissioner for the Reichsbank, with the duty of supervising the note issue of the Reichsbank to see that it keeps within the legal limitations. The German railways were transferred to a private company, independent of the Government, and subjected

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to a first mortgage of 11 milliards of gold marks for the payment of reparations. Generally speaking, the responsibility for the management of the railways was left in German hands, in the absence of any default on the bonds, but a number of foreign members were placed on its General Board of Administration and a foreign Railway Commissioner was also appointed, with important powers of supervision. A foreign Trustee for the German Railway Bonds was appointed, to safeguard the interests of the holders of the bonds. Then the Plan provided, as you know, for a reparation charge of 5 milliards of gold marks on German industry, with a foreign Trustee to supervise the arrangements for imposing the charge and to safeguard the interests of the bondholders. The controlled revenues, of which mention has already been made, were assigned under the general supervision of a Commissioner for Controlled Revenues. In order to coördinate these various offices, and assure their harmonious operation in relation to the Plan as a whole, the Plan provided for the Agent General for Reparation Payments. All payments for the account of reparations are paid in gold marks or their equivalent in German currency into the account of the Agent General with the Reichsbank. This payment, the Plan provides, "is the definitive act of the German Government in meeting its financial obligations under the Plan."

This brings us to the second phase of the practical problem which the Plan aimed to meet, as to the transfer of the payments abroad. On this question, the Experts said: "We are convinced that some kind of coördinated policy with continuous expert administration in regard to the exchange, lies at the root of the reparation problem and is essential to any practicable scheme in obtaining the maximum sums from Germany for the benefit of the Allies." The Plan accordingly created the Transfer Committee and gave it control over "the use and withdrawal" of the moneys deposited by the German Government to the Agent General's account. It stated that "this Committee will regulate the execution of the program for deliveries in kind and payments under the Reparation Recovery Act in such a manner as to prevent difficulties arising with the foreign exchange. They will also control the transfer of cash to the Allies by purchase of foreign exchange and generally so act as to secure the maximum transfers without bringing about instability of the currency."

The Plan goes on to provide that on their side "the German

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Government and the (Reichs) Bank shall undertake to facilitate in every reasonable way within their power the work of the Committee in making transfers of funds, including such steps as will aid in the control of foreign exchange." The Committee is also authorized under the Plan to inform the President of the Reichsbank if, in the opinion of the Committee, the Bank's discount rate is not in relation to the necessity of making important transfers. The Committee is further given broad powers to defeat any concerted financial manœuvres that may be made for the purpose of preventing transfers.

The task of the Transfer Committee, in other words, is to make the maximum transfers consistent with the stability of the exchange. With the Reichsbank, it is the guardian of the German exchange, and at the same time it is responsible for obtaining the utmost possible transfers to the creditor Governments consistent with the protection of the exchange. Its work, up to this time, has related chiefly to deliveries in kind and recovery act payments, since these, for the first two years of the Plan, are the principal forms of transfer. Deliveries and payments in these forms are going forward currently to the creditor Powers, and without as yet raising difficulties of transfer.

It would be idle to attempt to speculate now on the possibilities of future transfers. The Experts themselves carefully refrained from such speculations, and pointed out, as clearly as could be, that the answer could only be determined by the test of actual experience. It will necessarily depend on a multitude of factors, operating not only in Germany but all over the world, and no one can predict with any assurance what course the problem may take. It may be worth while, however, for the sake of clarifying the issue, to mention some of the influences that will be controlling. Manifestly, much will depend on the course of world trade, and on the extent to which it develops and readjusts its directions. Payments between the nations, on anything like the scale of reparations or of the inter-allied debts, still represent almost an untried factor, and it remains to be seen how far their tendency may be to stimulate the growth of trade and the movement of goods. A gradual increase, moreover, in the total volume of business between the nations would throw the whole problem of transfers into different proportions and greatly help in its ultimate solution. Much will depend, also, on the gradual return of other countries to more stable conditions, on the progress of

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civilization in the more remote sections of the world, and on the general advancement of science and the growth of human demands. The course of affairs in Russia, the progress of South America, the development of Africa, will all have a direct bearing on the problem.

On the other side, there will be the contending influence of new national industries in the countries surrounding Germany or with which before the war she did a large volume of business, and the general problem of tariffs and other barriers to trade. The growth of Germany's foreign trade, and, correspondingly, of her capacity to make important payments abroad, will largely depend on how these various factors develop in the years immediately ahead. In the field of reparations, much depends also on the willingness of the creditor countries to receive German goods, particularly in the form of deliveries in kind. In the past opposition to these deliveries on the part of domestic industries has greatly restricted the possibilities of direct reparations in the regions devastated by the war, and even now there are occasional indications of difficulties of this kind.

The capacity of Germany to make payments abroad is also going to be subject to many unpredictable factors arising out of the German economy itself. There will always be the question of the year's harvest, not only in Germany but elsewhere in the world, since Germany is to a certain extent dependent on imported foodstuffs. Much will also depend on the extent to which German business and industry prove capable of readjusting themselves to new conditions and on the progress that can be made in reorganizing production and in liquidating the remains of the inflation. More important still will be the effect of domestic credit and currency policy, not only on the course of domestic prices and domestic consumption but even on the course of imports and exports.

The business of the Transfer Committee is to make the largest volume of transfers that can possibly be made without upsetting the stability of the exchange. The Committee, in other words, will be dealing constantly with the net result of all of these various factors, which will themselves be reflected in the state of the exchange. To some extent, of course, the Committee will be able to mold the situation, particularly through the pressure of its policy on credit and currency conditions and by its powers to deal with financial manœuvres calculated to prevent transfers. But

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there will always remain a multitude of influences outside of its control, many of them beyond the control of the German economy itself. For these things, it is clear, the Committee cannot assume responsibility, much as it might like to have the opportunity of controlling them.

Broadly speaking, the task of the Transfer Committee must be to do the best it can under the conditions given to it, and to make the maximum transfers that experience indicates may be made without danger to the exchange. It will be its constant effort to discharge that duty to the best of its ability and with justice to the interests of all concerned. That may or may not mean the full transfer to the creditor Powers of the available Annuity in any given year. But it will mean that the Plan has operated as it was intended to operate, and that reparation transfers will have been made to the maximum extent permitted by conditions as they actually develop.

So far as the operation of the Plan up to this time is concerned, it is unnecessary to do more than summarize the principal results. Generally speaking, those charged with the administration of the Plan have approached their task, like the Experts themselves, "as business men anxious to obtain effective results." The Plan itself is functioning smoothly and in ano rderly way. The two preliminary objects for which the Experts were originally appointed have been attained. Germany now has a stable currency and the German budget is balanced. These were the essential conditions of German economic recovery, as well as of reparation payments. The budget, in fact, has thus far shown a considerable surplus, even in the face of mounting expenditure. For the time being it has given the German Government, to an unusual degree, the problem of wise administration of its public funds, and in the long run the more fundamental problem of better adaptation of the public revenue to essential expenditures.

In the field of reparation payments the Plan has also had notable results. The first Annuity of 1,000 million gold marks was all paid within the year, four-fifths out of the proceeds of the German External Loan and the balance by the German Railway Company in the form of interest on its reparation bonds. In the second Annuity year, over four months of which have now elapsed, the amount to be paid rises to 1,220 millions of gold marks, and involves for the first time a charge on the German budget. These payments Germany is making each month with the utmost

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promptitude. At the same time she has coöperated helpfully in making arrangements for future payments that will facilitate the even flow of deliveries and payments to the creditor countries. The various creditor Powers, on their part, have been receiving reparation deliveries and payments regularly and in accordance with expectations, ever since the Plan went into effect.

From the point of view of German reconstruction, the Plan has certainly marked the turning point in the recovery from the disorder and disorganization of the inflation. The first year was regarded by the Experts themselves as giving an opportunity for economic rehabilitation, and it accordingly placed no burden for reparations on the German budget and but little on the German economy. It has been more than anything a period of gradual readjustment and rebuilding. Much progress has been made, but the readjustment is still actively in process and many difficulties remain to be overcome. German business and industry are still greatly in need of working capital, and in many fields face serious problems of reorganization. In some directions this has produced conditions approaching crisis, but generally speaking the present difficulties must be regarded as the inevitable accompaniments of deflation and of the return to stable conditions, and in that sense as necessary phases of the recovery itself.

As to the ultimate possibilities of reparations under the Plan and the future of the reparation problem, it is too early to draw conclusions. The fact remains, however, that the Plan has already succeeded in placing the whole problem on a new basis. The world has been able, for the first time in many years, to stop talking about reparations, and instead to find out in a practical way what the payments mean and how far it is feasible in actual practice for reparations to be paid by Germany and transferred to the creditor Powers. The best answer to speculations about the future is that the Plan has within itself the seeds of growth and the flexibility that should make it feasible to keep pace with changing conditions. This is a fact of the highest significance to its future progress, and it should not be overlooked that in concluding their Report, the Experts themselves said: "We would point out, finally, that while our plan does not, as it could not properly, attempt a solution of the whole reparation problem, it foreshadows a settlement extending in its application for a sufficient time to restore confidence, and at the same time is so framed as to facilitate a final and comprehensive agreement as to all the

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problems of reparation and connected questions as soon as circumstances make this possible." The Plan itself is truly a living thing, and it has within itself the best protection against future deadlocks on the reparation question.

The Experts also emphasized, in concluding their report, that the reconstruction of Germany was not an end in itself, but was only part of the larger problem of the reconstruction of Europe. From this broader point of view, the Plan has set an example of taking problems in their proper order and of moving step by step to the larger goal of European reconstruction. By taking the reparation problem out of the field of political controversy it has greatly helped in the creation of a better atmosphere in Europe and has played a vital part in preparing the way for the recent pacts of arbitration and security. It has given practical encouragement to the spirit of conciliation, and has made it possible for Germany to assist in a tangible way with the reconstruction of the countries which suffered so much from the destruction and devastation of the war. As its operation continues it should contribute in increasing measure to the progress of economic restoration and the general return of stability in Europe.

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